U.S. DEPARTMENT OF EDUCATION

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A NATIONAL DIALOGUEUE: THE SECRETARY OF EDUCATION'S COMMISSION ON THE FUTURE OF HIGHER EDUCATION

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PUBLIC HEARING

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THURSDAY, APRIL 6, 2006

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The Public Hearing was convened in Victory Ballroom of the Hilton Indianapolis, 120 West Market Street, Indianapolis, Indiana, at 9:00 a.m., Charles Miller, Chairman, presiding.

COMMISSIONERS PRESENT:

JIM DUDERSTADT
GERRI ELLIOTT
JONATHAN GRAYER
KATI HAYCOCK
ARTURO MADRID
SARA MARTINEZ TUCKER
BOB MEDNDENHALL
CHARLES MILLER Chairman
ARTHUR ROTHKOPF
RICK STEPHENS
LOUIS SULLIVAN
RICHARD VEDDER
CHARLES VEST
DAVID WARD
ROBERT ZEMSKY

EX OFFICIO MEMBERS:

WILLIAM BERRY
EMILY DEROCCO
PETER FALETRA
SALLY STROUP

STAFF:

DAVID DUNN	Chief of Staff
CHERYL OLDHAM	Executive Director
ELEANOR SCHIFF	
VICKIE SCHRAY	

PRESENTERS:

BOB DICKESON	Consultant; President Emeritus, And President Emeritus, University of Nothern Colorado
BARRY BURGDORF	Vice Chancellor and General Counsel, University of Texas (System)
JIM BOYLE	President, College Parents of America
JAMES GARLAND	President, Miami University, Ohio
CAROL TWIGG	President and CEO, National Center for Academic Transformation
FRANK MAYADAS	Program Director, Alfred P. Sloan Foundation
CAROL D'AMICO	Chancellor, Ivy Tech State College - Central Indiana
JUDITH EATON	President, Council for Higher Education Accreditation
KAY NORTON	President, University of Northern Colorado

A G E N D A

Welcome and Overview of Format
for Public Hearing 4

PRESENTERS

Bob Dickeson, Consultant; President Emeritus, University of Northern Colorado... 16

Barry Burgdorf, Chancellor and General Counsel, University of Texas (System).....19

Jim Boyle, President, College Parents of America.....42

James Garland, President, Miami University, Ohio.....59

Carol Twigg, President and CEO, National Center for Academic Transformation.....76

Frank Mayadas, Program Director, Alfred P. Sloan Foundation.....102

Carol D'Amico, Chancellor, Ivy Tech State College - Central Indiana.....117

Judith Eaton, President, Council for Higher Education Accreditation.....127

Kay Norton, President, University of Northern Colorado.....137

ADJOURN

P-R-O-C-E-E-D-I-N-G-S

(9:00 a.m.)

CHAIRMAN MILLER: I'm Charles Miller, Chairman of the Secretary's Commission for the Future of Higher Education, A National Dialogueue. Speaking for the Commission, we're pleased to be here in the great state of Indiana, and this great city. We do not think we'll cause quite as much excitement as you did when you have the Final Four, but will try to do as best -- the best we can.

We have a very, very strong agenda today and tomorrow. We will do our best to stay on time. The panel's instruction would be to talk for a certain period of time with the topics already spelled out, and then a 10 minute question and answer period from the Commission. We ask you to stay at the table, there, with the other Commission -- panel members, but if you need to get up or need to leave for whatever reason, feel free to do that. After each presenter we'll have about that 10 minute period. We don't have period set of time -- set aside after that. At the end of the day, today, we're going to have an hour for the Commission, itself, to have a discussion, and it is going to be moderated by one of our Commissioners, Rick Stephens, so we're going to have sort of a free-

for-all period. You're all welcome to come and participate with that time period.

I'd like to thank the staff of the Commission for doing the hard work to get us set up in places like this, and the policy team we've put together that's begun to put out in the issue papers that you seen. Well, that's a late arrival, and it's kind of in a rush, those are put out partially to get the public engaged a little bit more, to set the stage of the table for the time when and if we make certain recommendations, not to actually drive those or set the recommendations in place. Some of the people that wrote those were asked to make some final conclusions and if any recommendations are in there, they only represent the idea of the writer. We're going to have a few more of those in the next week or two. There will probably be one shortly on Adult Education or Workforce -- that's not gone out yet, right? There's another one coming on accreditation, because we -- there was a meeting hosted last week in the Department of Accreditors from around the country, and that's going to be a summary of that meeting and maybe some recommendations from those people. We have one coming on academic medicine, our other work with the Commission hasn't done -- hasn't addressed that and

it's a major part of higher education. Dr. Sullivan and I talked about that some weeks ago, and Ms. Schiff has put together a paper -- I think an excellent paper that will go out in the next few days, that relates to things like the shortage of doctors and nurses like we've talked about the shortage of other highly professional people. There will probably be some kind of paper on regulations, if we can get that done. It's been something on our front burner and back burner for some time, frankly it's very hard to do because identifying regulations that affect higher education is pretty hard from a central place to -- because most of those regulations come from other places other than the Department of Education, but we are going to have something out on that and I'm sure the Commission will want to weigh in on that question.

There's been a lot of discussion with me and others recently on the process we're engaging in. After the meeting today we have one more currently scheduled meeting in Washington, DC. That meeting has an open agenda, we have unlikely any outside presentations to come. By that time we'll have some things in writing among the Commissioners that might begin to lead toward parts of a report or recommendations, but that's still an open issue. I

had some encouragement to consider an additional meeting or two, that would be June or July. I'll take a poll of the Commission after these meetings are over in early next week to see what their preferences would be. We've got about four months to get a report done August 1. I don't know what the real world release date of the report will be, it could take another period of time after the Secretary gets that copy to put it together and put it in a format and deliverable so -- enough of an audience, but I'd say by September that report would and should be complete. I think we've done a lot of the early digging, a lot of the early preliminary work that the Commission can spend the rest of the time getting to its final conclusions.

There are some goals that we've worked on that people keep talking about, but I'd like to point out that when the Secretary set up the Commission she did define some goals. We've begun to address those but the definition of access, affordability, accountability and quality are, in a sense, a goal statement. You want an accessible, affordable, accountable, quality system, and I added that in the early Nashville meeting, added to that and put some qualifiers and adjectives together that made, essentially, like, a goal statement. We'll probably

head that way, but we may, as we make our final recommendations, work a little harder on that and then there have been comments about defining principles to which we respond to make recommendations. I'm not sure, there, we've been quite as much together in that same direction. Some of those that I want to work on, and you'll see more of that today, include things like transparency and disclosure versus the alternative, which is secrecy or privacy, if you say that.

It's a principal that I understand from the capital markets. It's a principal that allows people to function with the most autonomy, if you have accountability with transparency than any other method.

I see some leadership in the Academy, when a major university like MIT puts their whole coursework online for people to have, essentially, for free. That's a very transparent, very open, sign, and then we see that in many other parts of information today. So, that's a principal, for example, that I think we would like to identify.

I've heard some comments about looking at higher ed. in different segments, the community colleges are different from the research universities and so on and you can break those down into

subsegments. That's the place where I have had some personal doubts or disagreements, and here's why, and that's -- this is for future discussion. I think segmentation probably happens in almost any environment, any market, and I think it does happen in higher ed, but intends to require that you look backwards. If you start segmenting your principles and segmenting your conclusions and your recommendations, you're doing it based on the current status of the system, and I think that locks you into place. So I think, actually, that's not a good way to address that. We need to look for broader principles that affect all of higher education, strategic principles, and I think that I think we'll head that way.

One of the things that comes out of transparency and disclosure is a matter of trust, trust with each other and public trust, and we're in a place now where this possibility of less of that for a variety of institutions, and out of trust comes collaboration, and I think one of the principles that we will come out with will tend to lean on collaboration because of what the changes are in the way we communicate and the like, and because of redundancies or repetition or places where we use

resources that are wasteful. And so, to have collaboration, you need trust to have trust you need transparency, so that is the kind of principal, personally, that I think I would like us to focus on.

Having said that, and I'm for personal freedom, and that's part of that too, I'm going to make some opening remarks. Those are the process comments that I wanted to make.

In an information age, when the saying "We're all connected," is not a new-age phrase, where newspapers are being offered free to compete with major dailies, where blogging and search engines are as ubiquitous as air and water, wherein the process of teaching and learning and conducting research, the academy is slow to adopt technology, is fattening hierarchies rather than flattening hierarchies, and is generally resistant to transparency or performance measurement, danger lurks. With the confluence of factors such as global competition with rapid advances and biological sciences, with new information and communications technologies, with fiscal pressures on the governments of all industrialized nations, with the rapid and sustained increases in prices and costs of higher education in the United States, with the accelerating demand for places and limited new

capacity in its traditional form, higher education has entered a critical period, the kind of circumstance which can lead to abrupt changes in public support, and where radical changes can be forced on the Academy by policy decisions made more urgent due to the historical lack of a long-term strategic view and lack of responsiveness of the institutions -- and, when I wrote that, I went back to replace those words "higher education" and put in "healthcare" 15 years ago, and it's virtually the same set of statements.

We have responded to healthcare poorly, we didn't have a strategic view. We've done a lot to increase costs and problems, but we haven't solved them yet. And, the need to address what isn't working is critical at this stage, in my opinion.

We've been assembled by Secretary Spellings to help develop a strategic view and if we can produce that or help produce that that would be an accomplishment that we didn't do in the field of healthcare and in other areas.

We call ourselves the best in the world. We've all heard that the United States education system is the best in the world. Some of the presentations today and tomorrow will test that claim, or, even if it's true, which I believe it to be

throughout, in any form, any part of the higher ed. system, it probably is the best in the world. These presentations will tend to point out that being the best in the world is not good enough. It should be clear that we're not yet good enough for the future we face today.

There's also a distinction often made between public and private, and here's another principal I'd like to see get into the discussion. We've all heard about those distinctions, public and private colleges and universities. In reality, research shows that 25% of funding for so-called private colleges comes from the federal government, on average, and in addition, substantial state and local support and tax benefits accrue to private institutions.

When we discuss issues about affordability and accountability, isn't it time that we consider all colleges and universities are public institutions and require a standard of transparency and disclosure that use of public funds must demand? Instead of privatization in the world as we have it today, haven't we arrived at publicization of colleges and universities?

Today we're going to cover some financial

issues. One theme that was constantly ingrained in the Task Force on Access and Affordability and Quality Task Forces was financial aid. Throughout discussion in each of our task forces, the issues of costs, needs, access and affordability were turned repeatedly to financial aid, to allowing those who want to grow and learn to have the opportunity to do so without regard to financial status. This has been a strong, consistent undercurrent of -- there has been a strong, consistent undercurrent of this theme.

The clear indication from the various discussions was that the federal system of financial aid is unnecessarily cumbersome and complex, confusing and counterproductive, and in concise summary, it is a convoluted mechanism with painful consequences to the underserved members of society.

In a roadblock -- it is a roadblocked opportunity. It reduces economic mobility, it locks income inequality into place. How can we possibly say we have the best higher education system in the world while willfully allowing over $60 billion annually in federal taxes to be spent so poorly? The answer is, we cannot.

It would seem plausible to the great nation of the world's economic leaders -- should

design a financial system with the following principles -- here's principles again -- simple, student friendly, fair and generous. How can we not do that? Why could we not do that?

A major hurdle with dealing with the problem is the size and complexity. It's impossible, in my opinion, to fix the current system in the traditional political manner. That process usually ends in a strongly -- in strongly divided camps, long labor debates, resulting in some tweaking without dealing substantially with basic laws in the financial aid system. What is needed is a conscious effort to step back from the current system, to define those few clear goals, and to restructure it entirely. Need-based, simple, student friendly, fair and generous.

And affordability -- another theme which has risen consistently in Commission discussions has been the overall affordability of the higher ed. System. In the current model, can we, as a society, afford to have brought access to a higher quality education with the current model of operation and finance? With expenditures, or total costs, rising consistently faster than family income or general inflation, isn't that a signal of an inefficient system? Isn't that a collision course with economic

reality? A collision we cannot afford to have? Without productivity improvements and more efficient models of delivery, are we not destined for decline or failure?

We're going to focus on finances today with a strong panel on affordability, including financial aid, moderated by Bob Dickeson. On accountability and accreditation, the system of accountability designed by and for colleges and universities is accreditation. It's a complex system designed to measure the quality of educational institutions. It's not widely understood outside of the Academy. That's why we're trying to put some things in the public's hands with these issue papers, yet it has great influence. It's very costly and creates a *de facto* self-regulatory regime. It's essential to higher education, yet, to some, it's burdensome, focused too much on inputs rather than outcomes, and it limits innovation.

The Commission is bringing these issues to the surface and has been assisted by a very responsive accreditation community. The excellent panel on accreditation moderation will be moderated by hometown leader Carol D'Amico. Thank you.

Bob, ask the panel to introduce themselves

as they speak.

DR. DICKESON: Will do, Mr. Chairman. Thank you very much.

Members of the Commission, we'll shift now to the discussion about affordability. The Commission, of course, has been tackling this issue from the outset as the Chairman indicated. You have been treated to scores of research reports and analyses. The Task Force on Accountability, co-chaired by Drs. Vedder and Zemsky tackled this subject in great depth and with great thought.

The topic is clearly central to our understanding of higher education now and in the future. The facts that undergird the problem are really not in dispute.

College costs over the past two decades have risen beyond either inflation or the capacity of families to afford them. Because of price, many students, some estimates as high as 400,000 per year, are being foreclosed from attending postsecondary education. Of those who do attend, many students are mounting up historic levels of debt.

Many costs cannot be justified. Things like undue competition among institutions for students that result in unwise tuition discounting,

institutional budgets that shortchange instruction and needed student services in favor of amenities, and cost shifting to students to improve institutional bond ratings.

Taxpayers pay for a sizable portion of these mounting costs through subsidies and programs and the numerous financial aid programs, as Charles just mentioned, represent a system that is confusing, overly complex, overlapping, and sometimes redundant. So, even though the facts may not be in dispute, the solutions to these complex problems are more difficult to come by.

Today's discussion will include presentations by five leaders from a variety of fields who will share their perceptions and their proposed solutions for your consideration. As the Commission continues its discussion on affordability, it’s useful to identify, I think, the categories of solutions that typically surface, and there are four: first, improved institutional practices that would result in lowering of costs; second, improved state and federal policies that would improve affordability, particularly for low-income students; third, alternative models of delivery of postsecondary education that would reduce costs while improving

quality; and, finally, developing incentives for institutions to improve efficiency and productivity, contain costs, and pass along the resultant savings in the form of lower tuition.

Speaking about incentives, I was somewhat interested in a report that came out a few days ago from Moody's, the investor service that does the bond ratings of independent institutions, and their report concluded that even though institutions have seen a drop in median revenues from gifts, this was not a trend that was a great concern "because the colleges, as a whole, were able to stabilize their financial picture by increasing tuition and fees." The median for net tuition collected per student by the colleges was $15,510.00, an increase of 5.3 percent over the previous year. Net tuition is the amount of tuition revenue left after spending on financial aid.

"There is still strong demand for higher education and people are willing to pay the price. Their operations are healthy because they're able to pass along the tuition increases." That is not an incentive, that is a disincentive and I think we need to be addressing that as well.

In the interest of time, I will not introduce each of the presenters in terms of their

biographical information that is contained in the notebook. Each of them is distinguished leader in his or her own right, and brings to the table significant experiences, education, energy and enthusiasm to the particular task.

We will follow the format of 10 minutes for each presentation and then a 10 minute period after each presentation for questions and answers and discussion among Commission members.

Our first presenter is Barry Burgdorf, who is the Vice Chancellor and General Counsel of the University of Texas System, and he and his colleague, Kent Kostka, was also in the audience, co-authored this very compelling paper on eliminating complexity and inconsistency in federal financial aid programs.

And, I'll turn it over to Barry at this point.

MR. BURGDORF: Bob, thank you very much. Chairman Miller, members of the Commission, thanks for having me here today. It's an honor to be able to talk to you about this important subject. My task here today is to talk to you, as Bob said, about the complexity of our current system, and I use the word "system" because it is a system, it is an omnibus program with many features of federal financial aid

for students of higher education.

I want to start by just making a couple points about myself which may give a little bit of insight as to how I came about this. I'm not an expert in this field, I'm not a scholar, I haven't studied the ins and outs of all the different programs, I don't daily deal with it, although my job as the head lawyer for UT System does require me to interact with it on many occasions in many different was.

I'm somewhat new to higher education. I took the job as Vice Chancellor and General Counsel of UT System 15 months ago. So, I think what that means is I came at it with not a lot of preconceptions, not a lot of ideas in mind of what it was, but really tried to take a very fresh look at it. I last tried to take a very high-level look at it. Again, I did not get into the details for this purpose of the different programs, I took the 10,000 foot view of what are we doing, what is the effect of this system on higher education, and what results are we getting out of it?

So, with that in mind, my message actually is pretty simple: The system is overly complex, the results are hard to measure, and I don't think we're

incenting the things we might want to incent by this program.

The first point is, as you probably all know, the federal government throws a lot of money into the federal financial aid system. According to the DOE website, $78 billion a year in the form of loans and grants go into the system. That's about 60 percent of the total of $130 billion. That does not include private loans, that does not include tax incentives, which I'm going to talk a little bit about, also.

So, it's a massive program and it has built up over the years, and that has led to quite a bit of complexity. So, first of all, let's look at that complexity.

The analogy that I like to use is the tax code. I think that gives you the visual picture of what we're facing here. It grew up over time, as I said, features were added by special interest groups over time, and it really doesn't appear to be geared toward an overall policy. So, what we're left with is a patchwork of programs, complex and confusing programs.

Bear with me a moment, I want to list for you just the programs that DOE is involved in, the

Department of Education. There are other federal actors in this system. We have Pell grants, we have Supplemental Educational Opportunity grants, we have Federal Work Study programs, we have the Perkins loan program, we have the Leveraging Educational Assistance Partnership, we have special programs for members of the military, we have Federal Family Educational Loan programs, we have a Direct Loan program, we have a HOPE Scholarship Credit, we have a Lifetime Earning -- Learning Credit, we have Federal PLUS Loans, we have Coverdell education savings accounts (Education IRAs), we have above-the-line tuition deductions, we have tax-free employer-provided educational benefits, we have student loan interest deductions, we have 529 savings plans, and we have penalty-free IRA withdrawals, and that is not to mention other programs that relate to forgiveness of student loans, *et cetera*. Right there, that tells you that we have quite a bureaucracy of programs in place that we're dealing with.

Not only is the programs themselves numerous and all-encompassing, application for them, I think, is unduly complex. I hold in my hand what is called the FAFSA, the Free Application for Student Aid. Now, this is an improvement. This is a

simplification of what we've seen in the past, but still, it's an eight-page document that requires quite a bit of work to fill out. In fact, it is accompanied by a note on the front which says if you can't do it yourself, go see the college you want to attend to help you fill it out. So, while you may not have a college degree, you may have to go to a college to fill out the application. That's ironic and somewhat humorous, but I think it is very telling about where we are in this program. Much like you sometimes need H&R Block to fill out your tax form, you need help to fill out this form, too. So, it really is, in many ways, like the tax system, and as I said, there's a lot of money going into it.

So, that creates a couple of problems. First of all, it creates an underuse problem. Here are some recent statistics on the underuse of the federal financial aid program: Only 50 percent of all undergrads have filled out the free application in 2000. This has gone up slightly to about 59 percent in recent years; however, recent statistics show that one in -- in 2003, 1.8 million low- and middle-income students did not apply who would have been eligible to apply. Twenty-seven percent of all low-income students do not apply for any kind of aid. 850,000

students who would have been eligible for Pell grants did not apply. And, the research would indicate that this really is due to the complexity, the confusing and complex forms, the belief that these eligible folks are, in fact, not eligible, a belief -- a widespread belief that there is a merit-based component to it, and it's not merely a need-based program, and a belief that the documentation and ongoing requirements are too difficult. And, finally, there is some evidence to show that especially for split families, families with divorced parents, that the documentation process is exceedingly complex for those folks. So, we have an underuse problem.

I think we also have a problem in that the system, because of its complexity, because of the overlapping programs, because of all those programs I listed, we don't really get a lot of meaningful data on how the program is affecting students' -- prospective students' behavior. Is it increasing access? Is it creating retention? Is it influencing their choice of colleges? Where is it placing them on the spectrum? Are folks using the system who are -- for example, they would have gone to college anyway, but instead, they're going to a more prestigious college because of the program? Are we really getting

kids into the system who would not otherwise be in the system?

Those kind of hard data points are hard to come about because of the system and the programs; however, there are a couple general lessons that I think we can pull out of the information that's out there.

It does appear to be the case that if you're trying to improve access, grants do a better job of that than the others. The evidence would indicate that work study programs do not improve access, loans do not improve access -- and, by access, I mean, the choice between not going to college and going to college at the very basic level -- and tax credits also do not appear to improve access. Of all the programs out there, it appears that grants are -- is the only one that actually will improve access.

On the graduation and retention front, the evidence would indicate that loans do improve retention and graduation rates, and work study programs do improve retention and graduation rates, and finally, tax credits do help retention by reducing the cost and keeping students from leaving school early because of the inability to pay expenses once they're here -- once they're there.

As I said, it looks like grants are the one things that do improve access, but if access is your goal, then the next statistic is one that doesn't sound too good. In the 1970s, the Pell grant, the major grant program of the ones I listed, covered 84 percent of the cost of a four-year education at a public university. Today, it covers under 40 percent. So, the Pell grant, while in absolute terms, there's been increased funding for Pell grants, the actual inflation-adjusted buying power of the Pell grant program has gone down by at least half.

So, there are those problems, too, however, it's clear we do have some tools, as these statistics point out. We have some tools in the program that could be used to create incentives, to facilitate access, or to motivate retention, but again, it's not harmonized at this point to do that.

I guess I want to close my brief time by just talking about the fact that we know we have tools, we know we have some abilities to incent folks, we know the system is overly complex. If you look at education a bit like a marketplace, and I understand it's not your average marketplace, it's got a lot of influences which make it un-marketlike, but it does have marketlike characteristics. You have a lot of

different types of buyers coming into that system. You have kids who knew they were going to college from the time they could walk. You have kids who are first generation college kids, or prospective college kids. You have lots of different types of buyers. The questions, I think, to be answered with the federal student aid program are: How are you going to influence those buyers, and what kind of students do you want them to be? Do you want them to be students that can come and easily afford college and stay in for four years and graduate and get the degree? Do you want to affect those retention things? And, once there is an overall policy decision made about what we want our access goal to be, what we want our retention goals to be, then a program can be put in place which will serve those goals. And, when that program is put in place, hopefully, we can see a great simplification of it, make it more user-friendly, make it more a system which will very clearly signal to the marketplace, "here's how you do it, here's what it does for you, and here's what we expect of you when you take advantage of these programs and enter college." And, in that respect, I think we'll get a lot more bang for our $78 billion a year than we're currently getting. Thank you.

DR. DICKESON: Thank you, Barry. Interesting issue, great description, a suggestion, I read, to consolidate, integrate, and set goals. Questions from the members of the Commission for Barry?

COMMISSIONER DUDERSTADT: In the two public hearings that we've --

DR. DICKESON: Jim?

COMMISSIONER DUDERSTADT: -- held in Seattle and Boston, the overwhelming message we heard was from students about the increasing burden of federal loans and their own ability to have an opportunity for a college education and the kind of burdens they carry afterward. From that testimony, which was covered by an enormous number of people coming forward, my conclusion would be that this is a system that's impossible to fix. In fact, you may need to start over with a blank slate because the forces, whether they be in the commercial sector or on the Hill, are simply so powerful. Do you have any sense as to whether this is fixable or not? Can those issues that the students raised be addressed?

MR. BURGDORF: Well, I guess I would include in my definition of "fix," starting over, and that may, indeed, be the approach. I realize, as

Chairman Miller indicated, those kind of fixes are extraordinarily difficult on a political level, much like the tax code is hard to reform. There are a lot of vested interests in the current program, there are a lot of outside constituents which have a vested interest in maintaining one or the other programs. Each of those programs I listed grew up over time with different folks supporting it, different interests supporting it, and you're going to have to deal with those folks if you try to consolidate their program into another. That's clear. It's not an easy job. But, you know, I think something very good could be accomplished if you took the -- you know, the best features of some of those programs and then wrapped them into some new programs which are a lot simpler and a lot easier to understand.

Your point about the debt burden is true, too, and I have a lot of statistics on that, but, you know, the current system is also creating folks who graduate with a large debt burden, and that becomes an issue. I know we're here about higher education, but it becomes an issue for graduate degrees -- you know, there's a real disincentive to pursue more education when you've already got a, you know, $50,000.00 in student debt from your years as an undergraduate.

And, what happens to folks, later in life, who are starting families and having kids and buying houses? And so, that debt burden we're placing on the students is something that might be thought about, also.

DR. DICKESON: Chuck?

COMMISSIONER VEST: Both in Chairman Miller's opening statement and, sometimes implicit, sometimes explicit in what you said, Barry, is a set of positive statements about need-based grants as a cornerstone of what a good federal program should be, that grants, in fact, are known to improve access.

As someone representing, in my work, a private institution, I've raised a lot of money for scholarship funds over the years, and inevitably, donors say "I am giving this money to the institution because when I went to school, I could not have afforded it if somebody hadn't helped me with a scholarship. I want to help the next generation."

That equivalent statement does not very frequently enter the public debate about the federal role, so my question is, do you have a sense that there would be a public will, a public understanding, to view the primary mission of federally-based financial aid to be more a charitable good?

MR. BURGDORF: I don't have any hard

statistics for you on that. I can tell you, my impression is that if you did a Gallup poll to taxpayers, most would rank that as one of the major things that we're trying to do with federal financial aid, that we're trying to get more folks in college and get them in college in a way that will make it easier for them financially, and the societal expectation, of course, is a payoff of a person who, for the next 40 or 50 years of their productive life, will pay taxes, will meaningfully contribute to the community, and obviously, I think it somewhat goes without saying that someone who has a college education has a lot greater ability to do that, and I think that most folks do recognize that as a goal of the program.

One of the ideas that I latched onto, just into my own mind, looking at this, is that if you talk about people who -- if you talk to people about why we have federal financial aid for higher education at all, one of the goals, as we just discussed, is getting people in college and getting them there in a way that's affordable, but they also want a sense that there's an earning that goes on there, that there is -- that the person who receives that does something in return, and, you know, one of -- and, it's clear from

the research that does exist that grants create access, so, one idea that I came up with, just kicking about it in my own mind, was that -- make the grant, but it's forgivable -- it's -- call it a loan, but it becomes a grant as you complete hours of college credit. You earn that into an actual gift over time, over the four years, and you could -- and then, you talk about incenting things, you could set it up any way you want. You know, you could have time deadlines, you could have -- you could direct folks toward science and technology if that's what we're trying to incent, but there are different things you could do while in college to turn that loan into a grant so that by the time you graduate, you've really earned something and you've put back into the system.

DR. DICKESON: Sara?

COMMISSIONER MARTINEZ TUCKER: Barry, thanks for your presentation and for taking the time to be with us today. When I first read your report, the complete report, I was struck by your segmentation of the different programs for either increasing access or increasing retention, and the first thought that popped into my head was, to the extent that we front-end programs with grants at the beginning to get the kids to start school, then what would a portfolio look

like if you balance the loans, the grants, the work-study, *et cetera*? Given the richness of the UT System and the different types of campus that you have, would it be possible for the next step to be to look at the portfolios that kids end up -- I'd be curious to see what low-income -- particularly, first generation low-income kids that make it all the way through -- what their portfolios look like, because, at least, I find when I'm with my families, they think that they're different and that they're too burdened with one piece of that portfolio, and I'm just wondering if you guys would maybe think about a second piece of this to look at what portfolios for successful students who make it all the way through would look like?

MR. BURGDORF: I think that would be a very interesting look. There's not a lot of research or data on that right now, and what it appears to be -- one thing that -- an opportunity of revamping the system would be to talk about what ways the federal government would want to encourage packaging of the different components. Right now, it appears that most of the packaging occurs at the individual and they may or may not be making the right choices for their own personal income situation between loans, grants, and tax incentives, whatever.

At one point, you also brought to mind one other thing that I wanted to mention about UT System. We have nine academics and six health institutions, and these programs are so varied and so complex that, actually, I was surprised to learn that our different campuses actually specialize. You know, you have to -- as this form indicates, if you can't fill it out, call someone at the college you want to go to. It's hard to get a staff who understands all of this, so some of our campuses have said, "Look, we're going to be helpful and facilitate these three or four programs and the other program, we're not pushing, we're not helping." So, you don't even have consistency among universities on what they're pushing.

It's like a cafeteria plan. There's a lot out there, and folks are pulling out different pieces, and it's -- those decisions are -- that might be okay, a cafeteria plan might be okay, but those decisions are not being made based on what's best, it's based on "how can we staff it, and who can we train up to understand this?" And, that's not the way, I think, you want those decisions being made.

COMMISSIONER MARTINEZ TUCKER: Thank you.

DR. DICKESON: Bob?

CHAIRMAN MILLER: Which Bob? This -- that

Bob.

DR. DICKESON: Bob Mendenhall then Zemsky.

CHAIRMAN MILLER: Okay.

COMMISSIONER MENDENHALL: I think the challenge for the Commission, now, moving forward as we get closer to the end of our cycle is to take some of this information and turn it into "what do we want to do about it as a Commission?" And, I wanted to pick up on something you said, Barry, as well as something Charles said at the beginning.

It makes sense to me that we look, as a Commission, at goals for access and goals for retention. Retention, essentially, are graduation goals, but access goals and graduation goals. And, I don't think anyone would disagree with Charles' opening statement about, you know, we need a financial aid system that is need-based, simple, student-friendly, fair, and generous. I think the question is, is there any realistic way to get -- I mean, we can recommend that system, the question is, then, how do we get from where we are to that system, and do we want to rec -- I mean, there are recommendations along the way, such as -- it's pretty clear that the tax credits are more beneficial to the high-income folks that don't need them than the low-income folks who do.

There's certainly a suggestion on the table about eliminate the tax credits and use the money saved to increase Pell grants or grants for lower-income students. I think the principal is right, but we as a Commission need to figure out, now, how do we take that principal and turn it into concrete recommendations? I think we understand there's a problem. We need to figure out a recommendation to resolve it.

DR. DICKESON: Bob Zemsky?

COMMISSIONER ZEMSKY: Well, first, I just -- I want to pick up with you, Bob, just -- you talk about 400,000 excluded from the system, so that's the numerator. Isn't the denominator about 11 million-something? That's how many are in the system -- students in the system? So, we're talking about a four percent problem, which sounds to me like a 96 percent success rate?

I've done this before, but -- and I'm following, really, what Bob said, because I think we have to be very, very careful, and I think this should be a system, at least from my perspective, that targets problems. Now, what Barry is giving us is a system that can't even explain itself, so how can it possibly target anybody?

But, again, if you were going to target so that -- you know, every time we do this in this country, we benefit the people who don't necessarily need it. That's the history of public policy in this country. You study it.

How can we actually target the four to eight percent that are being shut out of the system? Would simplification help there? Is that where the problem is with that four to eight percent? Is it that people that you talk to in the institutions don't understand it? Is that what creates the four to eight percent problem?

So, I believe that the Department ought to just fix federal financial aid and they don't need us, but the targeting does need us, and how do we actually target it so that we don't throw a lot of money toward people that don't need it?

MR. BURGDORF: I think there's a lot that can be done in targeting. I think that the evidence would indicate that simplification would help. You know, you're talking about a group, and there's not a lot of evidence on how big this group is, but if you're talking about your access goal, there's a group who the difference in these programs either means going or not going to college, or going to college at

a community college, or going to college at a research university, or maybe going to college and doing it over eight years versus doing it in four years. There's that group of folks.

There is -- those underuse statistics I cited would indicate that the system is complex enough and difficult enough to weave your way through that some of those folks just aren't getting into the system and that simplification would help that problem.

I think there also needs to be some more research done about why there's other folks who aren't accessing the system in the first place, and some of it's probably cultural, too. You know, there is a big difference between growing up in a family that talks about college from day one to those who don't. Those may not be problems that the federal government should solve, but that is another factor which plays into it.

I think there's also opportunities for targeting within specific disciplines. You know, you can use federal financial aid to direct folks to study the things you want them to study.

DR. DICKESON: Okay, we have time for one more question, and Richard, you will ask it.

COMMISSIONER VEDDER: Sure. It's my

understanding, roughly, we give, you said, $80 billion of various sorts of federal financial assistance, including loans. My guess is, Pell grants are $12, $13 billion of that. Is that rough -- $5 million at an average of $2,500.00 a crack.

What would happen if we did away with all 16 programs, two through 17, and kept one, Pell, maybe rename it, might -- put it in President Garland's way of looking at it, sort-of a scholarship program, a voucher system, if you'd like, that varies with income for, say, 8 million people or 10 million people, double the number that are currently getting Pell grants, but not the rich or the super -- maybe 8 million, including some who are not currently going to college who are adults, and giving them $7,500.00 a piece, which is much larger than current Pell grants. That's $60 billion. But, we're spending 80 right now.

Would we be better off or worse off, in your opinion, if we went that way in terms of meeting what you perceive to be our goals?

MR. BURGDORF: That's a big question.

COMMISSIONER VEDDER: Well, we're supposed to be thinking big.

MR. BURGDORF: I think that if you gave me

a choice between the current system and that system, I would pick that system. I do think you would have -- I do think, to satisfy that element that I talked about before, about most folks would be very willing to admit that this -- there's charity to this, there's a giving to this, but they also want to know that there's some earning back of it, I think you would need to -- to completely sell it, you would need to combine it with some features which would -- that have the recipients of that -- the new Pell grant, we'll call it, demonstrate --

COMMISSIONER VEDDER: Some performance standards?

MR. BURGDORF: Performance standards --

COMMISSIONER VEDDER: Absolutely.

MR. BURGDORF: -- during the course of getting that.

COMMISSIONER VEDDER: Great.

MR. BURGDORF: And, there's probably stops along the way, which would be improvements too. You're going from one extreme to the other with what you've described.

COMMISSIONER VEDDER: Well, if we can only convince 535 members of Congress, we've got a recommendation.

CHAIRMAN MILLER: Well, you could do it.

COMMISSIONER ZEMSKY: We'd have better grants.

MR. BURGDORF: Just one other thing about that. You would also, in addition to, you know, reducing complexity, whether you go that far or not, in addition to reducing federal cost, you would reduce costs, administration, and bureaucracy at the campus level immensely. I couldn't even estimate how many headcount you could redirect into other areas and the financial aid office could shrink at each campus, and you could be much more efficient. We would have less collection issues on student loans.

The default rate is actually very low, four percent right now, but there's still an effort that undergoes that, too.

So, you could reduce complexity, not just -- these are savings not just at the federal level but at the state level and then down at the individual campus level, which could occur through simplification.

COMMISSIONER MILLER: Would you please attest to the fact that I didn't ask you to write that paper, since you're from the University of Texas? Thank you.

MR. BURGDORF: You did not, but someone you know did.

COMMISSIONER MILLER: Thank you.

MR. BURGDORF: But, it was not because you asked him to.

COMMISSIONER MILLER: But not that subject, though. That was a free choice you made. Thank you.

DR. DICKESON: All right, thanks. Thank you, Barry. Great discussion.

And, let's move to our second presenter. I don't suppose there's a more important stakeholder group than college parents, and they're probably the least represented in the policy arena, and so, we're delighted to have with us Jim Boyle, who is the President of College Parents of America. And, Jim, give us your thoughts.

MR. BOYLE: Thank you for the opportunity to present to you today on the issue of college affordability.

My name is Jim Boyle, and the organization I lead, College Parents of America, is the only national membership association for parents who have students in college or who aspire to send their children to college. Our mission at College Parents

of America is to empower parents to best support their children on the path to and through college. Far too many families do not have a clue as to how their child should best prepare for college academically, nor do they understand how they, themselves, should prepare financially.

Even families who are prepared are worried. We recently conducted two online surveys of our members and subscribers who, right now, number about 90,000. One of the surveys sent to parents of future college students, parents of seventh through 12th graders, examined parent expectations of college-related issues. Finances topped the list with 80 percent of parents responding they would either be most concerned or very concerned about money issues. Among current college parents, one of the questions we posed was, "This year, on which topic has your student most requested advice or assistance from you?" The number one answer, nearly double any other at 35 percent, was finances. So, with this recent polling data in mind, I'm sure it will come as no surprise to you that the guy representing college parents in your deliberations believes that college affordability is an important issue.

My own story of college affordability goes

back more than 30 years to April, 1975 when, as a high school senior, I received five college acceptances, each with an offer of significant financial aid. While the FAFSA didn't exist then, my parents had filled out its precursor without any help from a consultant, and so, when this handful of selective colleges wrote to say "Okay, you're in," they also included their offers of dollars to help convince me to say, "Okay, I'm coming."

Years later, I understand how critical it was that my four private college acceptances came from schools that were and still are need-blind in their admissions criteria with enough money in their financial aid budgets to make available all the money that was needed by a working-class kid from Detroit.

Today, along one of the wide avenues radiating out from here, in downtown Indianapolis, to the open land not too far beyond, avenues that by their very scale and purpose suggest possibility, there is probably a working-class kid, or a few, or more, who will -- who has just or will soon receive his or her own letter from my alma mater, Northwestern, with an offer of admission and financial aid package that makes the cost of attendance equal to or perhaps even slightly less than IU Bloomington or

IUPUI. But, what concerns me is that for every fortunate student who is accepted with financial aid to a Northwestern or IU, or IUPUI, there is dozens, hundreds of students who don't know that college at such places is possible because they are unaware of existing and available financial aid options.

For these students, who metaphorically live along the narrow streets that intersect those wide avenues, the possibilities are much less apparent, and arguably, much more limited. In fact, a strong case can be made that their performance in high school may have been hampered due to their mistaken belief it didn't really matter and their misinformed perception they couldn't afford college anyway.

I have to wonder how many of these young people are getting off the college track because they hear bits and pieces of information about the sticker price of college, and they and their parents think, "Well, there's no way in the world we can afford that."

While the percentage of students choosing to attend college has inched upward every year since 1970, there is a certain and very frustrating lag time to education statistics, and I sense that far too many young people are either not graduating from high

school or failing to pursue higher education options because they believe that the cost of college is out of reach.

So, what can be done about that? What can be done to change both the growing perception and the growing reality that college may not be affordable after all? I have a lot of ideas, and from reading both excerpts and hearing the discussion today, it sounds like you have many ideas, too, and have heard and already debated ideas from a variety of sources.

So, keeping in mind my list is only partial, here are three ideas:

First, fund a national ad campaign that gets across the message that college is possible. Now, there's a recently launched campaign led by the American Council on Education and funded in part by the Indianapolis-based Lumina Foundation for Education, that goes by the umbrella name of Solutions for Our Future. And, when announcing the effort, an ACE official proclaimed a premise that people instinctually understand that college and attendance is important to them as individuals but that they need to be educated, in effect, about the importance of college to society. I'm not so sure about that premise. I think that all of us in this room

understand the importance of a college education to an individual, both to their earning power and to their sense of knowledge and self-esteem, but I question whether those who are turning away from college as an option do understand its importance to their potential for individual success. So, while the ACE campaign is laudable, I think there's still plenty of room and a very necessary place for a campaign that emphasizes the personal benefits of a college education, and the fact that those benefits come at a cost that is not insurmountable and which, in effect, can be paid for many times over in the greater earnings power that comes with that original college investment.

Second, make education fiscal policies more family friendly, particularly, those policies that can provide relief to the American taxpayer. From passage of the 2001 tax bill until December 31, 2005, a little over three months ago, taxpayers who, themselves, were in college, or who had dependants in college, were able to deduct up to $4,000.00 of tuition and related expenses from the top line of their taxes provided that their adjusted gross income as a single filer was no greater than $65,000.00, or as a joint filer, no greater than $130,000.00. That deduction, unfortunately, has now gone away unless

Congress reinstates it. Not only should it be reinstated and made a permanent part of the tax code, it should be expanded from $4,000.00 to $12,000.00, which is the current average annual cost of a four year public education, tuition, room, and board, and indexed to keep paced with tuition increases in the future.

The deduction should also be made available, similar to the mortgage interest deduction, to all U.S. taxpayers. This would send the correct message about the importance of higher education and take some of the financial sting out of the cost of college for middle class purchasers who are, in many cases, ineligible for need-based financial aid but who are then forced to stretch their available dollars very thin when it comes to paying for college in real time. If the cost of a $100,000.00 luxury SUV, according to the tax code, can be fully deductible if used for business purposes, then surely, the cost of a $12,000.00 public education should be fully deductible.

The tax code has been described as a reflection of our values as a society. If that is the case, how can we look ourselves in the mirror when a family's investment in higher education has, in

effect, been removed from the books when it comes to deducting that expense?

Third, create incentives for colleges to hold down costs so that they are not encouraged only to ask for more money from public sources but to train their own cost-cutting muscles. Many American businesses have, over the past 25 years, been able to wring significant savings out of the various elements in their supply chain. That's what the productivity revolution is all about, yet it seems that American institutions of higher education have only been able to stand by, somewhat helplessly, while their costs go up. These rising costs, in turn, are passed on to students and their parents in the form of higher tuition.

You're going to hear in a few minutes from Carol Twigg from -- with the National Center for Academic Transformation about her group's specific efforts to encourage colleges and universities to utilize technology to save money. I would like to make the general suggestion that colleges could save money by outsourcing. Now, that may sound heretical, here in the heartland, but I'm not talking about sending thousands of university jobs to India. What I am talking about is the practice of contracting with

an outside company in order to provide a product or service that might otherwise be too expensive, complicated, or time consuming for the institution to do internally. I'm suggesting that some non-academic functions on campus could be much better and more efficiently accomplished by a contractor.

What are some of those functions? Information technology, IT, should be at the top of the list. Trained IT professionals, battle scarred from decades of creating connectivity solutions for businesses, seem uniquely well positioned to help forge similar solutions for colleges and universities. After all, it's on these same campuses where these pros were trained.

I have one closing thought, and it's a suggestion to parents, that we might want to look ourselves in the mirror when it comes to the college costs conundrum. What do I mean? Well, for instance, a large and growing percentage of parents have shown a willingness to pay a premium for what we consider to be brand name and/or high quality services for our children as they're growing up, whether it be music lessons, travel sports teams, academic tutors, or any one of the myriad of products or services that cater to just how special we believe our children to be and

how much we want to support them to be the best in whatever endeavor they choose.

Colleges must notice this behavior, and I believe it's a contributing factor to how they price their service, which is, providing a higher education to our children. Many colleges also see the willingness of some parents to provide our young adults with cars on campuses, accoutrements for their dorm rooms, cell phones or other electronic devices, and those who set their prices surely must think to themselves, "Oh, they won't mind another few bucks per credit hour."

Colleges also perceive a strong parental demand for ever newer and ever sleeker school facilities, which, of course, have to be paid for somehow, with tuition from those demanding families being a logical place to start. Am I suggesting that students should go to school in a dump? No, but I do think it's important to remember that what's taught in a classroom is far more important than the grade of carpet on the classroom floor.

Thank you, again, for the opportunity to testify, and I wish you the best of luck in your deliberations and look forward to your questions. Thank you.

DR. DICKESON: Thank you, Jim. Questions from the Commission? Kati.

COMMISSIONER HAYCOCK: Mr. Boyle, you spoke about American values, but if I heard you correctly, your specific proposal would have the effect of expanding, rather dramatically, student aid for middle and upper-middle income kids. You said not one word about low income kids. Yet, the discussion that preceded you was very much around how do we expand access for them. Obviously, if we have unlimited dollars, it's possible to do both things, but if you were a member of Congress forced with competing priorities, would you actually make the choice that you suggested to us?

MR. BOYLE: I believe that I suggested three things, and one of which was totally focused on low income kids, and the story that I told about myself and taking advantage of financial aid related to that, and so, I guess I felt in my limited time today, that there has been a lot of focus on more money being made available for college, and in reviewing the course of the discussion as I've been able to follow it for the last few hearings, there hadn't been a lot of mention related to the issue of tax deductions, and so I chose to focus on that in

this statement.

COMMISSIONER HAYCOCK: But, let me repeat my question. If you were a member of Congress and you, essentially, had to choose, what would your choice be? And, what choice would you recommend to us?

MR. BOYLE: I think there's a lot to be said for the previous discussion, that I think kind-of a two-part system that is sort of one part greater emphasis on aid coupled with greater tax incentives for the cost that ultimately is borne by the family, by the student and the parents. So, there's -- I don't think a system, you know, could be constructed that would be absolutely free and so kind of a two-part grants plus tax incentives, I think, would be a simpler system to administer as opposed to the plethora of programs that exist right now.

DR. DICKESON: Jim Duderstadt.

COMMISSIONER DUDERSTADT: Since we're on taxes -- you know, tax policy also drives the cost of higher education. What we call the edifice complex, when a donor builds a marvelous new facility, takes a charitable tax deduction, and then we have to operate that facility over a long period of time, frequently when we really don't need it. Since we're putting out

these other tax issues, maybe the broader issue of tax policy with respect to higher education needs to be put on the table as well.

MR. BOYLE: I would agree.

DR. DICKESON: David?

COMMISSIONER WARD: I'd like to make an observation and then have a question. Since you referred to the ACE public campaign, there are actually two. One is entirely supervised by ACE and is called the Solutions Project. The sole purpose is to demonstrate to the public the public value of public and private higher education. Second campaign, which has not started, combined with the Lumina Foundation, is about college access. This has not yet started. This is a different campaign, funded by the Ad Council. So, for the record, I just want to make sure that you don't confuse the access campaign with the current campaign, which is about, really, the value of education.

The observation I'd like to make is the idea of facilities driving up tuition. For those of us who come from states that have not been particularly well-funded in terms of higher education, and primarily, in the public sector, I've not much evidence of luxurious facilities. I think we need an

environmental scan of where and under what conditions we have all this luxury.

My own experience in the state of Wisconsin, I didn't see much of it. Climbing walls, rather ambitious swimming pools, none of that did I witness. So, I think we need to be careful.

We're not supposed to segment higher education because we want to sort-of have the big picture, but I have witnessed disinvestment rather than reinvestment in infrastructure in higher education at the state level. Maybe demographics and tax policies there -- but, to generalize that the cost of college in the broadest sense of the word has been driven by an access of capital indulgence strikes me as a generalization that needs some testing.

DR. DICKESON: Okay, one more question? Rich.

COMMISSIONER VEDDER: I did fall off our climbing wall in my recent attempt to climb it at my university. Having said that --

DR. DICKESON: Was this a remedial climb?

COMMISSIONER VEDDER: Picking up on Jim's comment and Kati's comment, I've read somewhere, and I haven't seen the official statistics, and I don't know Bob Zemsky or Chuck Vest would be particularly

comfortable with my saying this, but I'll say it anyway.

I've heard it said that federal government subsidies, counting tax subsidies, to Ivy League schools and other elite, private institutions border on $30,000.00, $40,000.00 per student per year, particularly if you add in the research grants that are granted, whereas the typical community college subsidy from the federal government, however measured, is probably $2,000.00 or $3,000.00. Isn't this a sign that tax policy is contributing to an elitism in America in terms of higher education that needs to be addressed?

DR. DICKESON: Was that a question you want to try to respond to, Jim?

COMMISSIONER VEDDER: And, have you beat your wife lately?

DR. DICKESON: I'm going to --

MR. BOYLE: No, and no.

COMMISSIONER VEDDER: By the way, I'm a Northwestern graduate, too, so --

DR. DICKESON: Gerri, you had your hand up at the last second.

COMMISSIONER ELLIOTT: I did.

DR. DICKESON: I'm going to ask you to --

COMMISSIONER ELLIOTT: Yeah, thank you. Mr. Boyle, since you represent the voices of college parents, we've had a lot of discussion in the Commission about getting information to parents, transparency of information, reports about the colleges, themselves. I understand, the number one concern via your survey was on finances, but what else did you glean from your survey about what parents really want to understand about colleges when they're making those decisions?

MR. BOYLE: I'll answer it in two ways.

The first -- I think, first, on the survey itself, the second question of current college parents, in terms of what their students are asking them about was academics, advice on academics, and then, third, was career planning, which I thought was interesting in that the vast majority of parents that were -- have in our database are parents of freshmen and sophomores.

On the issue of transparency in information, yeah, touching -- I think there's many levels. There's a -- with a guidance counselor ratio in the U.S. of public schools of 491 students for every guidance counselor, there's a lack of an ability for a parent to feel that they have a place to go, a

person to go to, in the K-12 system to help guide them on the college admissions process, and I think parents increasingly have questions about financing of college, and there's evidence that those who serve as guidance counselors aren't necessarily trained in how to pay for college, they're more trained in how to get into college, the academic credentials necessary.

When parents do arrive at the college gate, I think there's strong evidence that the parents that are most happy with their college experience are the ones that are fed information in a proactive way from their college or university, that it's -- that there is information provided from the minute of -- you know, from the time of acceptance, to the time of a decision to actually attend, to the summer before. There's -- there are written materials that are sent to the home, there are visits and meetings that are arranged with other current parents in order to -- for parents to learn about the process, there's websites for parents, and I think, you know, the more communication, the better, that a lot of what families fear is just the unknown, and they don't really know, especially if it's their first child going to college, how it all works, and their inclination is to want to find out more so that they can be as supportive as

possible.

COMMISSIONER ELLIOTT: Thank you.

DR. DICKESON: Okay. Thank you, Jim, very much. Good discussion.

We turn to yet another perspective. Dr. James Garland is the President of Miami University of Ohio, by all accounts, a public Ivy, and President Garland is a strong and outspoken leader. You may have noticed his letter to the editor of the Wall Street Journal in the last few days. And, we're anxious to hear what you have to say.

DR. GARLAND: Thank you very much. Good afternoon. Mr. Chairman, members of the Commission, thank you for allowing me to testify before you.

What I would like to talk about today is the affordability problem, and specifically, I'd like to limit my comments to public higher education in the four-year sector. And, what I would like to discuss, specifically, is that we take a -- we stand back from the problem and look at it in terms of the larger fundamental economic issues.

There are two premises that I have. One of them is that the affordability problem in this country, which has been so intractable, is caused at heart by fundamental economic and social forces that

are simply irresistible. These include global competition, the healthcare needs of an aging population, the -- dysfunction of inner cities and the social services that those -- that that creates, the costs of maintaining our infrastructure of roads, hospitals, building prisons, by all the needs of a very complex society.

My second premise is that these demands on public treasuries are not going away, that only the most starry-eyed idealist would look into a crystal ball and see that these demands on public treasuries are going to diminish, and what I conclude from that is exactly what Chairman Miller said, is that the funding mechanism of public higher education is on a collision course with economic reality. I think that actually phrases it very well.

My proposal is not a complete fix of this problem. There is no simple solution to these problems, but I think it would partially address the problem by restructuring the way in which states specifically finance their public four-year universities and colleges. Now, the current system, I believe, isn't -- represents an inefficient use of public dollars, and I think that it would be possible to target those dollars more efficiently to benefit

the taxpayers, and specifically, to improve the affordability of a college education.

This proposal that I'm sharing with you is based on a generalization of a tuition model that my own university adopted in 2003, and in looking at the impact that that model has been on the affordability of a Miami University degree, which is, arguably, the most expensive public university in the country, on our own student body.

The basic idea is that states could help alleviate the affordability problem by privatizing their public campuses, that instead of paying a subsidy to campuses, which indirectly benefits all students, rich and poor alike, that it would instead allocate public dollars in the form of scholarships, primarily for middle and lower-income students. The idea would use market forces and economic incentives in conjunction with what I believe would be a more efficient use of public dollars to alleviate the problem.

Now, let me explain this a little bit by using -- as an example, in my own state of Ohio, just to show how it works, there are 13 public universities -- four-year public universities in the state of Ohio. My model -- according to my model, the state would

turn all or part of these 13 universities into nonprofit corporations headed by independent boards of trustees with ancillary legislation that would honor existing personnel and pension obligations, research grants and contracts, and other legal commitments that are currently in effect. In my scenario, parts of these public universities would remain public and funded the way they are now. For example, agriculture schools, possibly, schools of education, the branch campuses, and all of the two-year schools in the state, research and service centers such as the Ohio Supercomputer Center, now funded through line items in the Ohio budget, would remain unchanged.

The second step would be for the state to then gradually phase out each of these schools' government subsidy over a gradual period, say, six years, which is the typical time to graduation for public sector undergraduates. The phase-out period will allow campuses to adjust to the new fiscal environment and also to grandfather in currently enrolled students.

And then, finally, the state would reallocate the freed up subsidy dollars to a state-administered scholarship program for newly enrolled students. As I would envisage, in most of these

scholarships, the large majority would go to low- and middle-income students, although, realistically, a portion would probably be reserved for students with special talents, say, to encourage engineers, engineering majors, math teachers, or other groups that reflected state manpower needs.

In my scenario, roughly half of college-bound students would be eligible for the scholarships. The scholarships would be valid at any accredited Ohio four-year college or university, including private colleges and universities.

So, that's the gist of the idea. Let me now explain what I see the consequences and the implications of this would be.

First, some numbers. Ohio's annual subsidy to its public universities is about $1 billion a year. That comes to about $3,500.00 for every student enrolled in a public campus in Ohio. Today, all college students in Ohio's public campuses, rich or poor, benefit equally from this indirect subsidy. Under my proposal, these dollars, instead of going to the colleges directly, would go to about half of the college going population, mostly, the lower-income half. Thus, instead of indirectly giving $3,500.00 scholarships to all students, which the state now

does, Ohio would, instead, directly award $7,000.00 scholarships to the half of the students who have financial need.

As a result, those students would see a significant net decrease of about $3,500.00 in the annual cost of their college education. Conversely, students from upper-income families would see a net increase in the college costs of about the same amount, about $3,500.00. For them, the cost of college would increase, but on the basis of our data, this group has a significantly lower price sensitivity than the middle- and lower-income group, and so, the added costs would, in my opinion, not preclude them from getting a college education.

Okay, the second consequence of this proposal is that these scholarship-holding students with $1 billion of new purchasing power to spend on their college degrees would be aggressively recruited by Ohio universities, both public and private. Particularly, the 13 formerly public Ohio universities would do anything possible to recruit them in order to make up the loss of subsidy that they would now no longer receive. Students would choose colleges that offered them the highest quality programs, the most appropriate and desirable curricular options for them,

and the most value at a competitive price. Schools that found themselves losing their market share would either have to improve their offerings, cut their prices, or risk going out of business.

Now, the -- realistically, the colleges that were formerly public would obviously raise their tuition charges by an average, one would suppose, of about $3,500.00, to make up the shortfall caused by their loss of subsidy. That tuition increase would be paid in full by the upper-income students, but the middle- and lower-income students, because of their scholarships, would see a decrease in the cost of college by $3,500.00.

An important point to keep in mind is that these public universities, now, because they would no longer enjoy a pricing advantage because of their subsidy, would be forced by competition to restrain their tuition increases to the absolute minimum necessary.

And then, finally, the public colleges would quickly, in my opinion, learn to respond to the legitimate needs of their students. Frills would fall by the wayside, efficiency and adaptability would improve, campus decision-making, in my opinion, would become increasingly focused and strategic.

Government subsidies are always well-intentioned, but in my experience, inevitably have unintended consequences. Subsidies tend to buffer organizations from competition, to weaken market-driven incentives for improvement, they also perpetuate an environment that is risk-averse, with organizations becoming preoccupied with preserving their subsidy rather than serving the needs of their customers and, in this case, in their students.

Now, do I think that this idea is the final answer to public higher education's woes? No, of course not. In fact, if given my druthers, I'd rather see us return to an era when adequate public financing of the nation's public universities made it possible for all Americans to have a college degree at an affordable price, but I'm -- when I look to the future, I see that those days are gone and are simply not coming back, and so, what I'm proposing is simply another way to spend public dollars more efficiently to try to redress the affordability issue.

Thank you very much.

DR. DICKESON: Thank you, President Garland. Art?

COMMISSIONER ROTHKOPF: Yeah, I'd like to commend the program that was just suggested. I think

it is an innovative way, and I know it's going to be a controversial one, and it generated controversy when it was published in the Washington Post and the Wall Street Journal, but I think it's a very innovative thing. I'd also add that there are studies out there showing, particularly with the flagship universities in many states, that the family income of students at flagship public universities are generally higher than the family income at private institutions. So, what's happening is that the subsidy provided by public institutions is really assisting those who can afford to go to college and not those who are in greatest need, so I think it focuses on this very issue.

Let me ask you a question about your own institution. I know you've instituted this change. What's been the impact on Miami University of Ohio?

DR. GARLAND: It's been a surprising impact. We were concerned when we -- before we adopted the plan that the sticker shock of our plan, which entailed raising our in-state tuition up to the out of state levels, which, at that time, was about $18-some -- $18,000.00 a year, that that would frighten off and dissuade the lower- and middle-income families from attending. To try to stop that from happening, we sent our admissions staff around to talk

to public universities around -- public high schools and private high schools around the state to talk to guidance counselors, to try to educate them on the scholarships that would be made available from the plan. We actually found that the first year of the plan, we saw an increase from our Ohio applicant pool. Fortunately, our plan dealt only with Ohio, so we had simply a one-state problem to deal with and not a 50-state problem to deal with.

In terms of the result, we saw, in the first year, something like a 40 percent increase in enrollments from first-generation college-going students in our student body. We saw a 20-some percent increase in minority populations, which, coming primarily from lower socioeconomic brackets. What we found is that the price-sensitive part of our applicant pool did find the university more affordable because it was more affordable, and we found that the price sensitivity of the upper-income group, it basically had no effect on them. In fact, the cache from raising our tuition actually had a -- actually seemed to make us more attractive to that school.

But, if I could add, though, that you're exactly right. My school is very unusual in the public sector, and if my plan were to become adopted,

schools like Miami are not the ones who would benefit from it. Our students -- our applicants would generally not be eligible for these scholarships that I'm proposing. We would face more direct competition from private colleges and universities because we would lose our pricing advantage. The schools that would benefit would be the large number of open admission schools that serve primarily a lower- and middle-income population.

DR. DICKESON: Jonathan.

COMMISSIONER GRAYER: We have talked about this briefly before, but I think it bears mentioning. It's unclear to me that we have a real definition of affordability. It seems to me that we're struggling with the sources of funds, and I think, as Jim pointed out, you know, it's a very commendable market efficiency model that you're recommending, but it is predicated on a basic system that supports the overall whole, and when we talk about affordability, if that were to be defined as "how do we get the overall cost of education down, regardless of the source of the cash used to fund it," that would be a different discussion than the one we're having.

What it seems to me we're talking about is, is there a more efficient way to supply the same

amount of funds? Is there a more equitable way to supply the same amount of funds? And, if that's what the discussion is, then that's what it is, but it hardly gets at what I think the average person would view as the affordability question in higher education.

To your experiment, do you think the overall cost of a great education at Miami goes down over time because of that taking away the comment you made about efficiency and having not to raise prices because of the feedback of the market, or are you -- you know, or, are you launching from a very high point that we're at and talking really, very minimal, but maybe, equitable distribution of sources of cash? Which --

DR. GARLAND: I -- well, first, let me question your premise just a little bit. It's true that what I'm talking about is reallocating public dollars in a more efficient way, but I'm a great believer in the power of economic incentives, and I think the reason, now, that you're finding -- one of the reasons that college costs are going up, which we've alluded -- which I've heard alluded to this morning has to do with amenities that are being provided, climbing walls, which my school has. My

school serves sushi in its dining halls for students. And, I think, at many private universities, you're beginning to see amenities like that. Those are not because of some desire to recklessly raise costs. That's because colleges are responding to their market, and if -- for schools like mine which have traditionally catered to the upper-income part of the population, that's what that particular market wants, and we're responding to those needs.

The problem is that for the bottom-income half of the population, they don't have purchasing power right now, and so the schools are either disinclined to meet their needs or they simply don't have the revenues, as David Ward was talking about in Wisconsin, to meet their needs adequately, and so I think that, partly, we're talking about redirecting existing dollars, but I think we would be redirecting it into a direction that would make schools more responsive.

COMMISSIONER GRAYER: Two quick comments and then I'll get out. But, one is, I think Richard has talked about this a lot. That's, in large part, being caused because there's no penalty from getting the free dollars if you go out and raise a ton of money on the side, and therefore, if you want to

compete with a school that can do that, you're forced, as you are, to either raise prices or find money elsewhere. The system has no regulation. There's a market mechanism and then there's a -- you know, outside the market source of funds.

But, if you want to -- you know, I think that in thinking about public education, in models that the customer is pursuing for affordability, yours is a very commendable one, but look at California today. The most common workaround for affordability is to spend two years at a community college, transfer your credits in, and graduate from a UC or Cal State system. That is bringing down the affordability of a college education. Is that a model that, you know, you have a view on or not? But, that's an overall cost-reduction, regardless of where the source comes from.

I personally think it's not a good one, but it's one that the customer's pursuing.

DR. GARLAND: I do feel that cost reduction is important. I do think that there are efficiencies that could be -- that could certainly be improved, particularly in the public sector. I've -- one of the challenges in administering public universities is the traditions of shared governance,

which are necessary at one level, because universities are such complex places which represent the whole spectrum of human knowledge. You really do need to consult broadly and touch base with various constituencies.

But, I think, when the quality of the -- working life at a public university begins to deteriorate, when campuses become shabby and run down and salaries are lagging, then what happens is that the shared governance model can be perverted into a mechanism for staving off painful changes.

There -- I think there are efficiencies that are certainly possible in universities, and I'm all for cutting costs wherever we can, but I think it's also important to realize that universities, like any other large organization, are governed and driven by financial imparities, and there has to be -- if you cut costs, you have to be sure that when you do so, you're not also cutting off your source of revenues.

DR. DICKESON: Two final questions. Bob Zemsky, and then Chuck Vest. Bob?

COMMISSIONER ZEMSKY: I -- as the Commission knows, I don't often disagree with Jonathan. Usually, I pick his pocket and make his ideas mine, but at this time, I think he's wrong.

COMMISSIONER GRAYER: Don't speak into the mic.

COMMISSIONER ZEMSKY: I think what is really intriguing about what Jim Garland has said, and he gets to the heart of something that Charles talked about in the beginning, that we need principals rather than design. We're not going to be able to design anything, but we could have principals, and it seems to me that the key principal in what Jim is saying is, we need to create a set of incentives for efficiencies, and if you listen carefully to -- this plan, essentially, is saying, "Look, gang, the group that's driving up the prices is the group that's got the money in their pockets," and he just took some of the money out of their pocket and he is actually getting closer to creating price competition.

You know, we can talk until the end of the day that we're going to drive down the price of college and the truth of the matter is, we're not. The consumers will, if, in fact, the structure is such that consumer power will drive it down, and I think this is one of the things that Jim Garland is talking about, whether he meant to or not.

But, I think he meant to, that it is the only way to control, to cap the cost is to figure out

how to get the purchasing power to make the colleges respond, if -- and, that's what the purchasing power wants to do.

DR. DICKESON: And, Chuck?

COMMISSIONER VEST: A very quick editorial comment and a serious question.

The editorial comment is that my experience over the past 20 years, this assertion I keep hearing, that it's the privates that put all these fancy amenities in, not state institutions, is not a supportable statement.

But, serious question. I really admire your radical thought and radical change. If you had your choice between what I understand your model to be, which is that you are still dependant on the Ohio legislature each year to make the appropriations that go into your scholarships, that's model A. Model B would be, say, next year, figure out the endowment that would support that amount of scholarship money, which would basically be the amount of scholarships times 20, give it to me as an endowment with the restriction that I use it only for Ohio students and I run with it. Which would you choose and why?

DR. GARLAND: I would choose the former. I would rather see the State allocate the scholarship

money, because I think that the elected leaders in state governments have their pulse on what the needs of the communities and their public are, and I would -- and, I think that it's appropriate for them to have some say in shaping the economic forces that would drive higher education.

DR. DICKESON: Okay, thank you. Another fascinating perspective. Let's shift gears now. We have lots of theories and here's somebody who's actually converted them into some action, and that's Dr. Carol Twigg.

Carol is the head of what's called the National Center for Academic Transformation, a program that began when she was at Rensselaer Polytechnic University, and then has evolved into a separate organization. Carol has taken the concept of "How do we improve quality, at the same time, we can lower costs through some exciting new ways of looking at instruction technology?" Carol.

DR. TWIGG: Great. Thank you, Bob, you've given my introduction. Thank you, Mr. Chairman, and members of the Commission, for inviting me to testify.

I think you'll be relieved that I'm not going to talk about amenities and climbing walls in terms of increasing the cost of higher education, but

I want to focus on teaching and learning and the way in which we carry out teaching and learning as being a contributor to rising costs.

I noted that in Bob Dickeson's paper that he said about frequently asked questions about rising costs, you know, why does college cost so much? The first point that he makes, of course, is that college is a very labor-intensive enterprise, and I believe that an important contributor to the rising costs of higher education, and perhaps, the key contributor is an out-noted labor-intensive way of thinking about teaching and learning, and what we now know is that it is possible to improve student learning while reducing instructional costs by redesigning the way in which we offer instruction, and our program in course redesign has made a hopeful persuasion that it is possible to do this.

In 1998, our Center created a national program in course redesign with generous support from the Pew Charitable Trust, and its purpose was to challenge American colleges and universities to redesign their approaches to instruction, taking advantage of information technology, to achieve improvements in student learning while reducing instructional costs. In other words, both goals,

simultaneously.

We funded 30 projects at 30 institutions around the country, each of whom designed -- redesigned a large-enrollment introductory course, and these projects enrolled about 50,000 students. So, it's a big-scale project, it's not a small experiment.

Now, what were the results? Just to summarize them, these redesigned courses reduced costs by 37 percent on average with a range of 15 percent on the low side to 77 percent on the high side. And, if you add up the dollars in operating costs that these redesigned courses saved annually, that number comes to about $3 million for just 30 courses. Okay, so, reducing instructional costs by 37 percent in higher education, I think, is a pretty significant achievement, especially when most people say this is something that simply can't be done.

But, what about the quality of student learning, the other side of the equation? Each of the 30 participating institutions conducted a rigorous evaluation focused on student learning, where they compared the outcomes of the redesigned courses with those delivered in a traditional format prior to the redesign, and what we found was that in 25 of these 30 projects, student learning improved significantly,

with the remaining five showing learning equivalent to traditional formats. Okay, so, no one got hurt, in essence. In 25 of the 30 projects, learning improved.

We also looked at course completion rates, which is, of course, a major concern, particularly in these introductory courses. And, of the 24 institutions that were concerned about course completion rates, 18 of them improved.

Just to give you an example, at the University of Alabama, where they redesigned their introductory mathematics courses, prior to the redesign, 60 percent of the students failed to successfully complete the basic freshman math course. That's a big number, but it's not all that unusual, particularly in mathematics. After the first year of implementation of the redesign, that number dropped to 40 percent, and it's now at about 25 percent and continues to improve. What's also significant about the Alabama experience is that African-American students did better than Caucasian students as a result of the redesign. So, it really raised all boats, but it also had a particular impact on less-advantaged students.

Now, let me say a little bit more about the program, because it had a particular focus. This

was Bob's point about picking targets as something that I'm very fond of. These redesigns focused on large-enrollment introductory courses, and we chose these for a reason. Because, at community colleges throughout the country, 25 courses enroll about 50 percent of the student body, and these same 25 courses enroll about 35 percent of the student body at baccalaureate institutions, so, the notion of focusing on these top 25 courses, which really comprise about 42.5 percent of all undergraduate enrollment, this seemed like a perfect target of opportunity.

Furthermore, on the academic side, high failure rates in many of these courses, which typically range at about 15 percent at research universities, about 30 to 40 percent at comprehensive state institutions, and can be as high as 50 to 60 percent at community colleges, failure rates in these courses contribute heavily to overall institution dropout rates between the first and second year. And, completing them successfully are really key to persistence to degree.

Now, the projects covered the whole spectrum of higher education. We had research universities like Carnegie Mellon, the University of Wisconsin, Madison, we had community colleges,

Riverside Community College, Tallahassee, in Florida, private institutions, University of Dayton, Hart -- I'm going to forget the name -- in Hartford, Connecticut, and so we had a wide spectrum of institutional types. We also crossed the spectrum of disciplines. We had 13 projects in mathematics, in quantitative subjects, six in the social sciences, five in the natural sciences, and six in the humanities, including English composition, Spanish, fine arts, again, demonstrating that these redesign techniques can work across the spectrum of disciplines and institutions.

Now, I don't have time to go into the sort of details of how we did it, but my written testimony gives you some of those details, but let me just mention sort-of four -- the key ideas in these redesigns.

The first is that the redesigns take on the entire course rather than a single professor's class, because what you're, in essence, doing is creating economies of scale by working on the course as a whole and moving away from this notion of professors teaching every course repetitively in, say, 40 sections of an introductory math course.

They all tried to move students from

passive learning, which is really the norm and the reason for high failure rates, watching the professor write on the board, if you will, to much more active engagement with content.

They used technology where appropriate. And, what do I mean by that? They don't say "put everything online." This is not the solution. But, the faculty designers sit down and analyze what parts of the course will benefit from using technology and what parts of the course should remain in more traditional formats, so they're stepping back and really redesigning the whole process of offering the course.

And then, finally, the fourth key point is the ability that technology gives you to scale good pedagogy, because we know that it's easy to engage students in a small seminar, say, of 10 students sitting around an oval table, you know, our ideal of education, but what the technology really allows you to do is to scale some of these good principles of pedagogy to classes of 500 or 1,000, and so, these are some of the key points.

We believe that we, in this program, have established a proof of concept, and that is that information technology can be used to increase

productivity in higher education to change the labor-intensive model of instruction and can affect key courses that contribute to student persistence and success, and we've subsequently replicated these programs in a second national program that's funded by the Department of Education as well as the number of state-based programs that we're pursuing in partnership with large college and university systems, and that's where we're concentrating our efforts.

Now, what do we think is needed to scale these techniques beyond these 60 programs, now, that we're engaged in? One of the things that I'm asked all the time, and you can imagine is, "Well, why won't everybody just do this? I mean, it's a win-win. You know, learning goes up, costs go down, why won't people just automatically jump at it?" And, you'd be surprised at the level of resistance and the reasons that are there, so I firmly believe in creating this better climate of accountability, because I think as long as institutions can simply say, "Well, it's all right if we have a 60 percent failure rate and our costs are going up, and there's really nothing we can do about it," then I think they'll, in essence, continue to do nothing about it, so I'm very supportive of your efforts to grapple with this

question of accountability.

Second thing is, I think we know -- we need to know the facts. We need to know what some of these failure rates are in these critical points of student success in our institutions, and then, we really need to shine a spotlight on the academic problems that we face so we know where to target our efforts in making these improvements. We've learned through our experience that these freshman courses are really critical and that these failure rates are very, very high, but I think that's something that the public, in general, is unaware of how serious the problem is.

The third thing I think we need to do is to showcase these redesign models and establish programs to teach institutions of higher education how to engage in these redesigns, because we firmly believe that faculty and staff are not simply resisting being innovative because they're willful, but because they don't know how to do this. This is a new concept, and where we've had a lot of success is that we've taught in supportive institutions on how to go about this. But, once they've learned it once, the really intriguing thing about it is that they're learning a different way of thinking about instruction

and they can go on and apply it in other courses, or even, throughout the majors, and we've seen that happen as well.

And then, finally, I think the fourth thing that we need to do is to build incentives -- it's back to some of your familiar themes -- into the ways in which we fund higher education at the national, state, and local levels, that continue to emphasize measuring learning outcomes and instructional costs and making improvements, and reward those who are making constructive changes, create those incentives for those who want to move forward, and frankly, penalize those who do not.

So, I'd be happy to answer any questions.

DR. DICKESON: Thank you, Carol. Questions? Yes, Peter?

EX OFFICIO MEMBER FALETRA: This is really exciting stuff. I have a interesting question about -- I think, about the whole thing, though, that -- has anybody ever given thought to the whole idea of "You don't have to go to college for four years?"

DR. TWIGG: Well, there are lots of ideas about accelerated three-year programs and things of that kind.

EX OFFICIO MEMBER FALETRA: Yeah, usually,

they involve the same amount of coursework, it seems to me, though. But, you know, the whole idea of you -- we have a couple of physicists and an engineer here. You know, there was a joke in engineering when I went to school, is, when you get out of engineering school and you got into the field, they say, "Forget everything you learned, now you're going to learn what you do in engineering," and is there any -- did you look at any models that would, essentially, say, "You don't have to take all this coursework, you don't -- you could actually go into the field and do apprenticeships or -- has anybody looked at that sort of thing?

DR. TWIGG: These kinds of ideas have been around higher education for decades, accelerated baccalaureates, it's a -- it was very popular in the ideas of the 70s, and I think that my experience has been that when you try to introduce a concept that is sort-of radically reshaping what people do, it's very difficult to make those kinds of changes, and so, you've certainly seen them in pockets of higher education.

I really believe what's necessary is to give faculty and staff, really, tools of the methodology that allows them to take advantage of

their own knowledge about their student bodies, their disciplines, their cultures, and reshape them according to certain principles that show results, you know, rather than having kind-of a grand scheme, if you will, about what's the solution on the academic side.

EX OFFICIO MEMBER FALETRA: Because, it just seems to me that if you had this model that you have in cohort with the model of looking at what different majors need in their different career paths to learn what they need to learn to become successful when they leave -- because, we had -- earlier in the Commission, we were talking about, as secondary schools don't prepare people for success in college, colleges do the same sort of mistake by not properly preparing people for success in industry, and one of the Commission members from Boeing was expressing this, and it seems to me that we've kind-of missed that in this approach, and if we pay attention to both of these, we could go a long way to solving the problem for what I would consider a very important part for middle-class families.

And, another question is, how -- you know, and this goes to the whole Commission, was, how are the members of the testimony here -- how many of these

solutions really go toward one of the biggest problems for just middle-class American families, where we hear this constant problem where an average-income family, or, let's say, lower-middle-income family, which is the bulk of Americans, I understand, by definition, the difficulty they have in making the decision, "Do I mortgage the house or take a second mortgage on the house to send my first child to college, just to state college, and then not really have enough money, probably, to send the next child to college?" And, are we serving the nation well in this idea? How are we going to get around this problem? Is this going to solve that problem?

DR. TWIGG: Well, my premise is that this is sort-of part of the discussion in the last group with Jim, and that is that you can have financing redistribution schemes, but as long as the basic production model, if you will, continues to rise, then you're going to just have to have different kinds of refinancing schemes, financial aid, whatever. You've got to do something about what's driving the costs up because of the nature of which -- the way colleges and universities are organized.

So, I'm trying to address the issue of why are costs rising? Are there things we can do about

that to lower it or contain it for all concerned?

DR. DICKESON: Let's move on to other questions. Chuck, you were first.

COMMISSIONER VEST: Yeah, thank you. I'm wrestling a lot, as I suspect my colleague Commissioners are, on exactly what role of the federal government should be all in this. Let me be very explicit. I know a lot about some of what was done at RPI. We had -- MIT adapted some of it, and, we like to think, improved on it, but it's had big impact on the way we teach, and particularly, in our introductory physics courses.

We've developed something in our aero-astro department called CDIO, Conceive, Design, Implement, Operate, a totally new approach to the education of undergraduates.

There are a lot of great experiments out there, all of which have to do with improving learning and almost always, not always, but almost always, lowering cost and people-intensity.

But, the government didn't come to RPI and say, "Invent this new thing for us," and, you know, should we be setting standards? Should we be promoting particular forms of pedagogy? What do you think the government ought to do?

DR. TWIGG: Well, I think that one of the things that this Commission can do, and certainly, the government can do, is to start to change the conversation about what's possible, and that's really part of my message in the things that we're trying to do is to say to people that this assumption that things just have to go up in parallel, will that always continue and we'll have to somehow live with this? I'm trying to suggest that, no, that's not the case, and that there are alternatives to that.

I'm also trying to suggest that you don't have to change the entire university and do things totally differently, but you can choose targets of opportunity that have large impacts on both students and on the overall cost of higher education.

So, I think that as I said, finding ways to showcase these models, change the conversation, create incentives for institutions to engage in them, I think that can have a major impact.

DR. DICKESON: Dr. Sullivan?

COMMISSIONER SULLIVAN: Yes. First of all, very helpful in the presentation. I have two questions. One, if you could comment on why is it that African-American students truly did much better with this technology? And, my second question, as

well, this Commission is dealing with higher education. All of us know this is only part of the spectrum of the entire education experience, and our K-12 is in serious trouble. Has this been done in K-12, and what is the outcome there?

DR. TWIGG: Well, let me address the first question. One of the things that they're doing at the University of Alabama and in most of the mathematics projects is creating what we call a math emporium. This is something that was invented at Virginia Tech, and in essence, what they've done is, rather than have traditional classroom study, students work -- and, it's basically a gigantic computer lab, but they're not working on their own, they're working with assistance on demand, if you will. So, students who need more help, in essence, get more help. It's kind-of like you're redistributing the tuition idea, and students that can breeze along and excel, they can breeze along and excel, basically.

What they speculate at Alabama is that many students, and African-American students, in this case, are hesitant to raise their hand in class, they don't want to appear that they don't know something, particularly at the freshman level when everything is brand new to them, and so, by having these new formats

where they can work on their own, get help when they need it, it's a private consultation, if you will, because if you say, "I don't understand this," you're getting that direct help that all of these factors are helping to shape greater success rates. And, I forgot your second question.

COMMISSIONER SULLIVAN: K-12.

DR. TWIGG: Oh, yes, I think I'm blanking out because I get asked this all the time, so I say I'm having a hard enough time with higher education.

But, I think there is no question that these techniques will work particularly at the secondary school level. I'm not so sure about the elementary level, because, in essence, what you're doing is asking teachers or faculty members to kind-of step back from what they're doing, relying on a textbook, writing on the board, everybody doing things individually, and saying, "How can we work together to achieve some of these principles?" And, I see no reason that it wouldn't work at the high school level.

We're doing a couple of experiments now to sort-of test that idea.

DR. DICKESON: Kati?

COMMISSIONER HAYCOCK: Yeah, one comment and one question. I, by the way, had an opportunity

to go with Carol and visit the University of Alabama to actually see what this looks like, and I would strongly recommend to my fellow Commissioners you do that. It's fabulously interesting.

But first, the comment. One of the things that we -- that has happened to us as a Commission is, like so many others interested in and concerned about higher ed., we have a tendency to attribute many of the student learning problems that we have talked about to unprepared students. One of the things that I have learned, in part through Carol is, how many of the students who enter meeting our standards are still failing the -- in these entry-level courses, and the -- so, thinking about that is just hugely important for us, and not just assuming that all of our problems are really about poor preparation in high school.

But, the second thing, Carol, in both comments and in writing, you have sort-of addressed, at least, tangentially, our concern with measures of student learning, and one of the things that you have said is, you know, sort-of setting aside, for the moment, the issue of "do we need a kind-of test like CLA or others to measure student learning," that there are some existing measures, including course pass rates, that we ought to be making more use of. Could

you elaborate on that a little bit?

DR. TWIGG: Yes, and my friend, Peter Ewell, over here, is probably going to have a stroke, you know, when I say, at least look at grades as outcomes. Again, I'm focused on these critical courses and I know all the problems in grades and grade inflation, and that kind of thing, but if you simply took a system -- you know, in my old system, the State University of New York, and looked at course completion rates and then broke them down, perhaps, by ethnicity, if you're interested in that issue, to see what they look like across the spectrum of higher education, to see in which of these top 25 courses the problems exist, I think it would really open a lot of people's eyes to the severity of the problem.

Again, I go back to -- I'm not really worried about students at Harvard or Penn. You know, I'm worried about students at Alabama, for example, where these problems are so large, and I'm not worried about those courses where things are fine. You know, I don't think we have to change every course in higher education, but we know if you look at just some of those simple outcome measures that you're going to find a serious problem.

I'll give you one statistic, and I'm not

going to tell you the district, because I think it would be embarrassing, but a rather large community college district in this country, the Chancellor told me they did an analysis and it took 38,000 enrollments in mathematics courses to produce 600 students who had successfully completed their college requirement in mathematics.

Now, you know, if those numbers are typical, and I don't find people that are wildly surprised that there -- if they're working in the trenches, I think that's something we need to know so that we can start to focus attention on addressing those academic problems.

DR. DICKESON: Rick, and then Bob.

COMMISSIONER STEPHENS: Thanks, Carol. Two quick questions. One is, what do you believe is the number one impediment that is causing course redesigns to not go where it could be? And, therefore, the second question is, what do you believe is the number one incentive that will cause behavior to change?

DR. TWIGG: I firmly believe the number one impediment is that institutions don't have to respond to these things. There was a very interesting paper -- the Lumina Foundation put out a series of

papers in this meeting they had on college costs from some people in Michigan who pointed out that when the governor had extracted five percent of the budget and said that they would return 3.5 percent if they kept tuition levels at a certain percentage, it was amazing how everyone did it, and I think that if some of these incentives, and I'm -- you know, I'm not going to tell you what the right ones are -- that are put in place, then, institutions will start to look at people like us and others and some of these others about outsourcing to try to solve the problems, but as long as they can, you know, as several of you have pointed out, simply raise prices and scrape by and change the tuition, you know, only people who are sort-of trying to do good in the world, if you will, are responding, and there are a lot of them in higher education, but I think that's the main problem.

DR. DICKESON: Bob, then Gerri.

COMMISSIONER ZEMSKY: Also a follow up to Chuck's question about what the government could do, you talk about that the average savings is 37 percent, and that this is the kind of -- is it clean enough that it's real savings, that the government could create a loan bank? That you could go to the loan bank to get the funds to do this and the savings would

be so real that you would pay it back through that?

DR. TWIGG: Let me qualify. That's great, because I've thought about this idea. It -- the savings, obviously, is faculty time translated into dollars for their salary and benefits, because that's what's being exchanged. In some instances, it translates immediately into actual dollars, say, we have redesigns where the full-time faculty have taken over the course and adjuncts are no longer necessary, so that turns into cash. In other instances, it is serving twice as many students with the same instructional resource, so you're increasing revenues, and the costs are going down, so there are variations on the theme, but if you look at an overall institutional budget, those are dollars that you're paying for, in essence, so that notion of a loan that could be repaid, I think, is very feasible.

We've recommended it with these individual institutions at the departmental level so that -- because, what we're trying to encourage now is for institutions to support these redesigns rather than always looking for an external grant, but it's that same idea, that you can pay that back.

DR. DICKESON: Gerri?

CHAIRMAN MILLER: That's an annual savings

rate?

DR. TWIGG: Yes, because it's operating costs.

CHAIRMAN MILLER: So, it's not a $3 million savings, --

DR. TWIGG: It's much higher.

CHAIRMAN MILLER: Thank you.

DR. TWIGG: And, let me also -- I'm going to -- I want to add this. We are not calculating the costs and savings of increased retention, which is a calculation you could do. We're not calculating the costs of safe space -- space savings, which, again, is a calculation you could do. We're not amortizing it over the life of the course, which, again, in introductory courses, that life is fairly substantial. I mean, college algebra doesn't change dramatically each year. So, in fact, I believe that we understate the savings in an attempt to be conservative.

DR. DICKESON: Gerri, and then the final question from David.

COMMISSIONER ELLIOTT: Fantastic program, Dr. Twigg.

DR. TWIGG: Thank you.

COMMISSIONER ELLIOTT: We've seen this integration of technology into the teaching/learning

process around the world and with similar results, and Dr. Sullivan, we see it in K-12 as well, with similar results.

Talk about something that was missing, I think, from your report. Talk about the faculty. Talk about what happens in terms of their mindset when these programs were rolled out.

DR. TWIGG: Yes, well, when I give a longer presentation, I have a slide that has my happy, dancing faculty graphic on it because the reality is, though, it's like my favorite professor at Penn State that was -- taught statistics, you know, for 25 years, and stood up in front of 200 kids and rattled on, you know Now, he's designing different experiences, he's moving among students in the lab, he's getting to know them on a first name basis, and so I would say without doubt, the faculty find this to be immensely rewarding because they're seeing -- a, they're kind-of in charge of their destiny, they're making these decisions in a very creative way, but they're also seeing tremendous results in terms of student success and student satisfaction, and, of course, the other question I always get is, then, do the students want more of the same? And, of course, that is another impact. The students say, "Why can't we study this way in other

kinds of courses?" So, it is -- it's -- faculty are the ones really driving this, they're making the decisions, and they find it very worthwhile.

COMMISSIONER ELLIOTT: Great.

DR. DICKESON: David? Final question.

COMMISSIONER WARD: Okay. Carol, thanks so much for the presentation. You've been one of the people, I think, who have set a best practices model in so many, many areas, and one of the challenges for those of us who believe we were reformers in this first and second year of mass higher education, was the scaling problem, and people have asked you a little bit about obstacles, and I think you've answered them well. One of the challenges that intrigued me was the fact that many of our institutions, the faculty have a higher loyalty to their discipline than their institution. Their sense of intellectual community is, particularly with e-mail and everything else, now, extra-the institution itself, and one of the things that amazed me as we tried to use the chemistry experiment which was, I think, quite successful, how difficult it was to transfer it in a discipline sense without also starting from scratch, and yet, the chemists were talking to each other, and so, in a certain way, there

may be a challenge here, there may be a diffusion challenge or a faculty culture challenge that's not just institutional but sort-of a disciplinary openness to innovation that we need to understand if we really want to do the change.

The second observation I'd like to make is whether our purpose is naturally just to advise the government but rather to give what you might call exultations to self-improvement to higher education, and therefore, anything which smacks of best practices and that seem like they work and which have a kind-of strategic and very pointed, directed, middle-term effect, those, too, could be recommendations that would be helpful without, necessarily, the intercession of the government.

DR. TWIGG: Well, one thing I want to also comment is that, you know, we certainly have had experiences where the transferability within an institution has been much greater in some than in others, and I do believe that this is where the administration plays a very, very important role, because when the administration approaches this redesign process as well as trying to get the campus reoriented to thinking new and starts to play it up and build it and support it, that's where you start to

see the diffusion, so Kati witnessed at Alabama, they're doing it in 10 different disciplines at this point, Virginia Tech is teaching 25 courses in the math emporium, again, and so, that's where I think the role of the administration is really critical. It's not simply a faculty effort. They are important, obviously, but having that kind of support and broader vision of where you're trying to go is really necessary.

DR. DICKESON: Thank you, Carol. Excellent. Our final presentation is about online learning and about expanding the possibilities of online learning on a more global scale, and our presenter is Dr. Frank Mayadas, who, as you can tell from his information, spent most of his professional career in private industry, in IBM, R&D, and now is the Program Director for the Alfred P. Sloan Foundation. Frank?

DR. MAYADAS: Thank you, Bob. Thank you, Chairman Miller. Thank you, Commission members. Cognizant that I'm the last speaker before the break and recognizing the dangers in that, I'll keep my message quite short.

And, it has to do as much with people as it has to do with higher education, and, in

particular, I'd like to discuss the possibility of a program.

The American workforce deserves, today, the opportunity to improve skills and acquire new ones to have a fighting chance in this global economy, and the way we can do that, now, is through the opportunity that is afforded to us by online education. I recognize that this is but element of competitiveness, it's not the whole story, but it's an important one and it's one to which the federal government can provide impetus.

So, my remarks this afternoon are going to be short but they will touch on three things: the status of online learning, the American workforce, and the role of the government.

First of all, online learning today is, I would call -- what I would call mid-scale. It is well beyond the prototyping and experimental stage. Sometimes, the word "online learning" conjures up images of some lonely soul accessing text materials like a book, maybe software and simulations, and trying to absorb all that on their own. That is not the reality in higher education.

Nearly all accredited institutions of higher education who, today, teach courses online do

so in very much a way that takes the best practices from classrooms and puts them online. Class is led by an instructor, the class size, typically, is about the size that one would have at the university, all students have access to the same materials, and there's plenty of interactivity among the instructor and among the students. In short, all the elements that we associate with campus environments are there, except now, we have the option of doing this asynchronously, that is to say we don't require meeting at a particular time and a particular place.

From our surveys which we do annually, and I brought a copy which I'll leave here, a couple of copies of the most recent survey, we know that enrollments in online learning, online courses, are growing at about 20 percent per year, and we expect that this year, about three million learners will take at least one class entirely online.

A very wide range of institutions is involved. The large publics, privates, community colleges, and the newer for-profits such as Phoenix, Kaplan, Walden, Capella, and so on, who are growing faster than the 20 percent number that I cited. Online delivery of education is, today, practiced by, pretty much, 100 percent of the large publics, that is

to say, the likes of the Penn States, University of Illinois, University of Texas, and all the other big ones. Online education is also very strongly represented in community colleges and it is a good presence in the privates, though they are the lagging category.

Faculty who have taught online courses tell us in survey after survey -- they tell us it's more work, and then when we ask them more, they tell us that they would teach the course again. And, so, flexibility, which we think of as benefiting the student, benefits everyone in this case.

Here's the picture with respect to cost. Once a course is developed for online delivery, it is less expensive for the college to deliver it to a remote student than an equivalent course with an equivalent instructor in an equivalent college's face-to-face program.

Little college infrastructure is used to support the student. No need for security, parking lots, recreational facilities, climbing walls, and so forth, electric power, and heat. And, we know, for instance, that further cost reductions can easily be accommodated into these programs through the kinds of efforts that Carol has described, so the cost picture

can only improve. I will say, because labor cost in this style of education, is the single largest element, the cost reduction in online versus traditional is not huge. It runs from about 20 percent to 10 percent or so below the cost of teaching the class at the campus.

The American workforce must acquire and practice the most up-to-date skills, and I would say not just state of the art, but beyond state of the art, and the reason is that the American workforce does not and cannot compete on labor costs. It must compete on greater productivity. Therefore, the latest skills in finance and logistics, engineering, and design, software, medical and biological fields, and in manufacturing, and consulting and services must also be imparted to the workforce. Many of these are learned in the workplace, but the principles and broad applications are learned through organized courses.

Not all kinds of courses related to the workforce are available today, but enough are, and more will be developed to fill out the total picture. We will need more development of courses, but we have enough to start.

Any large scale impact on the American workforce through education will have to utilize

online methods. For learners, I had mentioned earlier that colleges benefit in terms of cost. It's a bit less cost for them. For learners, online means acquiring a quality education and new access to education, and it also means lower expense. There is the tuition and fees expense which is roughly equivalent, but there is no commuting expense or even the necessity for occasional time off from work, and certainly, there's no need to rush out to the -- rush out of the workplace at 4:30 to grab dinner and then on to a 6:30 class. For the learner, too, then, these online classes are cheaper.

Online education is available today at reasonable scale, it is well beyond the prototype scale, new courses and programs are being added every day, and the thing we know is that this stuff works and it is working for people today.

Pace University in New York offers an associates degree, today, in telecommunications, intended to provide a moderate underpinning in telecommunications for network technicians in the industry. Typically, I'm referring to those installing and repairing the newer kinds of digital equipment needed for a broadband economy. Pace has enrolled a few thousand in this program, known as

NACTEL. They have students enrolled from every state in the union. The program is seen as one with the highest quality by the industry partners, Verizon, AT&T, Qwest, and Citizens. AT&T has waived its internal testing for higher level technician positions for those who graduate from this program.

Therefore, one final conclusion I reach is that not only is the cost better for a university, it's better for the learner, and the companies see it as better for themselves, as well.

Except to participate in the graduation ceremony, no one goes to Pace University.

I could tell you a very similar story for the electric power degree program that's offered by Bismarck State College in North Dakota. You wouldn't end up in North Dakota, going to Bismarck State College by accident. It's not particularly easy to get to, but Bismarck State enrolls students from every state in the union in their program, three degrees for electric power, for the electric power industry. And, believe me, we will need new operators, system operators, power generation plant workers, and line workers as we gradually begin to fix the energy supply system in the country. And, you'll recognize the sort of names in their industry consortium. Large

companies such as Exxon, Pepco, Oklahoma Power and Gas, and many, many others, and very high satisfaction levels from industry, itself.

I could tell you another one about New England College of Finance and their online programs for the finance industry, but I promised to be short.

Now, not surprisingly, I've emphasized associates programs, and the reason is that when you begin to talk about the workforce, you are talking, largely, about the community college associates level programs, accredited and nonaccredited, both.

We might think a little bit beyond that and think of the San Jose States and other four years that might participate in such a program. The large, prestigious, and very research-oriented institutions are unlikely to be big players in a workforce program.

Finally, a few comments about the federal government. The federal government has, at key moments, stepped up to undertake quite revolutionary programs in higher education, and I cite the establishment of land grant colleges and the GI bill in my written materials. The federal government can make financing available to learners in the workforce that will enable access to online education for skill development and enhancement.

We have mechanisms in place already. All the Title IV programs, all the things that Barry mentioned earlier, my list is a lot shorter than his, except, he left off Stafford loans on his list, so I'll mention that. All these exist today. These need to be tuned, updated, and funded so that they really apply and make a difference to the working adult.

I will cite you two changes that are likely to be needed. One is that nearly all these programs are required eligibility for eligibility that you are working on a certificate or a degree. For workforce upskilling, that may not be necessary, a couple of courses may be all you need. So, the requirement for a full credential does not really apply to the sorts of cases I'm talking about. It should be there, but there should also be flexibility, to, to account for individual courses.

The other big impediment is the requirement that I see again and again that the learner be at least half-time, and that simply won't work for the workforce, so, much less than half-time will have to be put into the system as well.

I have not tried to define all the details of what a new GI bill, here, would be, but I just remind you that a different time, under a different

President, a different government, the government made a huge difference, and they did it over the objections of academia, who argued that the GI bill would degrade quality, and over the objections of legislators who argued the cost would be prohibitive. I do ask you to think about the possibility of something resembling the GI bill for the American workforce in today's economy.

Online learning is here, it can be applied to skill development, and the government can be the catalyst to bring this about on a scale that really makes a difference.

Thank you.

DR. DICKESON: Thank you, Frank. Questions? Art.

COMMISSIONER ROTHKOPF: Yeah, I have to start off by confessing that I, during my college presidency, did build a climbing wall. What can I do?

On your point about -- I think I'm right about saying you were saying one of the impediments to the further use of online education was this 50/50 rule. I think that's been repealed, but if not, there's a lot more going on, but I believe it has been repealed.

DR. MAYADAS: I wasn't talking about the

50 percent, I was talking about the requirement that you be working toward a degree.

COMMISSIONER ROTHKOPF: Oh, 50 percent, it's not that you have to have 50 percent of seat time.

DR. MAYADAS: No.

COMMISSIONER ROTHKOPF: Because, that's now -- let me ask you a question, then --

DR. MAYADAS: I'm sorry, the other 50 percent is that you have to be a half-time student, going to school half-time.

COMMISSIONER ROTHKOPF: I think you may, and others may know more, I think that rule was --

DR. MAYADAS: Okay.

COMMISSIONER ROTHKOPF: -- eliminated at the end of last year. But, let me go to a point, and I have to say, I'm very sympathetic to what you're saying, but I hear from others in the education community that, on the question of quality and assessments, and I'd be interested, are there any independent studies out there that compare the results of online training or online education in different fields from those who are going to the traditional bricks and mortar institutions than those who are going to the online, in terms of assessments,

outcomes, which -- accountability, the things that this Commission is very concerned with? And, I mean, independent studies, other than from the industry?

DR. MAYADAS: That's a really good question, and let me answer it in the following way: There are not independent studies on that matter, and one reason is that the populations and the circumstances are extremely different for the two cases. In some cases, we find the online learners, and I'm talking, now, about studies at individual institutions, and I went back and looked at the University of Central Florida, Bismarck State, Pace University, and Stevens Institute of Technology, all of whom have very active online programs.

Their own work, if you can believe their numbers, which I do, students enrolled and so forth, you have to look in the number of dimensions: What is the perception of the student in terms of the learning effectiveness achieved, the perception of the faculty, perception of the employer, and as much impartial perception as you can get, for instance, are the projects about equivalent quality -- semester-long projects? They've tried blind tastings. Don't tell anyone where this project came from. Was it online or was it done in the classroom, and so forth?

Again and again, well-designed courses taught by experienced faculty produced at least equivalent results, in some cases, better results, and I attribute the better results to the fact that it's a different population, older, more motivated people.

I'm sorry, I gave you a long-winded answer, but that's really the way it is.

DR. DICKESON: Jim?

COMMISSIONER DUDERSTADT: There isn't a single kind-of sweeping study of this subject.

COMMISSIONER ROTHKOPF: I appreciate that answer, thank you.

DR. DICKESON: Jim?

COMMISSIONER DUDERSTADT: Frank, the Sloan Foundation should be commended for the leadership role you've played in developing much of this technology, and, in fact, Carol and others have indicated the degree to which many of the foundations have been investing and developing the technology, the pedagogy, and so forth, but what I hear time and time again is that federal organizations, the National Science Foundation and others, really have not been investing adequately in the fundamental R&D, the rigorous major mode of learning outcomes, the new kinds of pedagogy, the application of what we're finding out, cognitive

science and brain research, and so forth. It's always struck me that in an economic sector about as large as healthcare, we're spending about one percent of federal investment in the R&D that create these new tools, but we're spending in the healthcare to create new approaches there.

You didn't mention the federal government's role in that important area, and I'd be interested in your opinion of whether that investment is shy of what it should be right now.

DR. MAYADAS: Yeah, I think that's a good idea, Jim, and I appreciate your remarks earlier about our role.

The -- I think, in fairness to NSF, in my conversations with them, they have struggled with a way to grab -- find a hook to grab on to this thing, and I think what you're suggesting is the kind of thing that might be a hook, and it should be done.

They have done some very exemplary work, and I appreciate what they have done there, is to support labs. What can you do with online laboratories, how do you handle that, that sort of thing. That's extremely important. Eventually, it will become really important, and it can be done, but it has not been accomplished.

So, there are things for them to do. I think they need some encouragement.

DR. DICKESON: Well, ladies and gentlemen, we're at the end of our time. I think you have participated in five very different and very relevant perspectives in this thorny issue of affordability. Would you join me in thanking the panel for presenting?

(Applause.)

I turn it back to you, Mr. Chairman.

CHAIRMAN MILLER: We do appreciate very much your participation and patience. As people who have come to the Commission before, we have long sit-ability, we don't take breaks, but we do appreciate all your input. It will be carefully considered and used properly. Thank you.

We're going to stay at our table and make the change for the next panel. Those of you that need to move, please do that, and take a break. In order to get the full time in, we'll do that.

(Off the record.)

CHAIRMAN MILLER: Since we have an easy topic that will go smoothly without any controversy, I would like to ask the three of you to make the presentations, and then we'll do questions and answers

at the end of that time period. We'll allow you the same time as otherwise. Carol?

DR. D'AMICO: Thank you, Mr. Chairman, members of the Commission.

Thank you for inviting me here today to moderate this distinguished panel. I interpreted the role of moderator very liberally and I've taken the liberty of making a few comments of my own before turning it over to my colleagues.

CHAIRMAN MILLER: Excuse me, Carol. Would you mind, I beg your pardon for interrupting, but you do have an official post beside being CEO of a college, in that sense, if you wouldn't mind --

DR. D'AMICO: I do. I'm going to give you my various --

CHAIRMAN MILLER: Thank you.

DR. MAYADAS: -- capacities, here, in the interest of full disclosure. I am Executive Vice President of Ivy Tech Community College of Indiana, Indiana's community college system, comprising 23 campuses around the state and involving close to 75,000 students. I'm also Chancellor of the system's largest region, Central Indiana, with 14,000 students, and last year, we were named the fastest growing community college by the Community College Times. I'm

also Chair of the National Advisory Council on Institutional Quality and Integrity in Higher Education, or NACIQI. NACIQI, as you know from your background materials that you were sent, makes recommendations to the Secretary in recognizing the organizations that accredit colleges and universities.

Mr. Chairman and members of the Commission, I'm quick to tell you, while I hold all of these titles and I'm very fortunate to do so, I'm here to represent none of them and speak on behalf of none of them, other than myself.

In a previous life, I was -- served as the Assistant Secretary for the Office of Vocational Adult Education and the administration's liaison to community colleges from March, 2001, through June, 2003.

I want -- going to focus my remarks today on the relationship between accreditation and community colleges in some respect, and then talk about the accreditation process as it relates to the role of NACIQI.

Simply put, for the language of the Higher Education Act suggests that NACIQI represents our governments and citizenry, the students and the parents, receiving financial aid, their needs for

assurance that federal tuition grants and federal loans are expended in institutions that meet standards for capacity and quality. Although we rely on accreditation -- accrediting agencies to inform the council about the capacity and quality of institutions of higher education, the council is charged with review of the accrediting agencies and with making sure that the standards they use will give us confidence in the processes of accreditation and the resulting recommendations to the council.

The paper that you were sent, and I think there were a few papers that were sent, raised some important questions on the accreditation process and criteria. Allow me, today, to raise a few more for the sake of our discussion here today.

I'd like to pose the question of whether NACIQI is playing enough of a role in setting standards and examining existing standards for accreditation agencies. Are we really confident that the standards of accreditation offer accurate assessments of the capacity and quality of higher education institutions? Are they the right standards of quality in today's fast-changing landscape of higher education? Or, by not sufficiently employing the leadership opportunities available to us, are we

simply protecting an institutional status quo in education and in accreditation?

One important contribution NACIQI can make is to challenge its constituents, the accreditation agencies, to think hard about the quality of their educational services and the accuracy of their vision of what education is today, and specifically, the higher education role of community colleges which serve half the undergraduates in America.

I don't think we are doing enough of this, and consequently, accreditation is not, perhaps, what it can be. For example, consider today who enrolls in community colleges and what we do in community colleges. One, there have been huge enrollment increases in community colleges over the last 20 years. It is, indeed, the fastest-growing in terms of enrollment sector of higher education. Working adults are seeking post-secondary education in greater numbers. Only one in five community college students look like a traditional full-time student. Two-thirds of younger students and more adult learners are starting their education in community colleges and completing it elsewhere. These are career-oriented students and these are adults who are reeducating themselves and building their careers or building for

their second, third, fourth, fifth, sixth career.

There are new requirements for educational services and technologies for these students. More prevalent in community colleges, distance education, hybrid courses, accelerated programs leading to different kinds of credentials, not necessarily the traditional degrees, we are doing more and more reeducation and developmental education, and we are looking at new ways of credentialing our students. Again, not necessarily the traditional degree.

What do accrediting agencies have to say about these new kinds of delivery, about community colleges? Not much, actually. The standards are geared toward traditional universities, assuming traditional instructional delivery of face-to-face instruction by full-time faculty. Community colleges, for almost all practical purposes, are treated pretty much the same as the research institutions are when it comes to accreditation and the regional accreditation bodies.

How does the accreditation process help community colleges offer the kinds of educational experience that students need in their careers? How does it measure student learning and readiness for the sophisticated skill sets required of today's high wage

employment opportunities? And, how do accreditation standards of quality help us offer the kinds of post-secondary education attainment that students can reasonably obtain in the midst of their adult lives?

I maintain that the framework of accreditation, or core values, if you will, should be examined for new kinds of higher education delivery, and, in fact, the core values may be counterproductive in serving our diverse students and multiple missions.

Some time ago, my colleague, Judith Eaton, of CHEA, outlined some challenges posed by distance education. The article stated very clearly the six core values of education that accreditation is based on and contrasted these to the challenges of distance education. With Judith's permission, I think it's worth looking at the chart in her article, and you have my paper in front of you, that you can see these.

The core academic values of accreditation are institutional autonomy, collegiality and shared governance, intellectual authority of faculty, reliance on the degree, the importance of a core general education, and the importance of site-based education.

And, you see the challenges, Judith's term, of distance education or alternative delivery

challenging those core values.

I would point out two considerations of this chart and take it just out of context for just a moment. First, the challenges identified there are not challenges at all in community colleges, rather, they are conditions of existence that describe the ways we deliver much of education. For instance, at Ivy Tech Community College, about 40 percent of all of our classes can be taken online. All of our general educational requirements at the college are offered through distance education as well as in the classrooms, and we blend many degree programs with credentials. We offer accelerated programs. And, these conditions arose not because we in community colleges have dropped our guard on values but because we are responding to a group of students who have real needs for education provided this way.

Fifty-four percent of the college students in the United States attend community colleges. And, as we noted, only about 20 of these student -- 20 percent of these students look like traditional students.

Our students are asking and seeking educational solutions to barriers they encounter in higher education. These solutions should not be

viewed as challenges that assault our core values.

Second, the imposition of these values and the requirements for the infrastructures to support them may, in fact, exasperate significant restrictions on the ability of community colleges to respond to the needs and characteristics of our students.

For example, how do the core values of accreditation work to answer these questions: Why are graduation rates so low in many accredited community colleges? Why do average students of accredited community colleges take several years to complete a so-called two year degree? How do we make post-secondary education an occupational education more widely accessible to individuals -- adult, working individuals, who need it? How do we assure that students are acquiring the necessary knowledge and skills?

These questions reflect our concerns about what knowledge and skills students receive in educational institutions and they are questions on which accreditation has been, and still is, largely silent and largely defensive. None of the core values address the critical issue of being accountable for what and how much students learn.

Another way to look at these questions is

through a value perspective. The questions I pose revolve around a core value of how well we serve our students, how we help students obtain higher education that will make a difference in their lives.

These questions are among the key issues now facing community colleges and beg for new solutions and new concepts and openness to new ways of delivering education, yet current practices in accreditation may divert attention from solutions to these questions and, unfortunately, turn them into challenges to the core values.

On the contrary, I would argue that these issues present rich opportunities for us to identify new values that can fully support confidence in education and in educational quality, especially for those students who comprise a majority of students in community colleges and who, I would suggest, are an increasing proportion of students in other institutions as well.

Finally, the identification of core values in Judith's chart raises questions about the ways accreditation codifies the core values of education. These six core values may reflect an idealized picture of a university, but we should not make the error in logic that these must be the only values that concern

us. We need to rethink how these values and other relevant values can be incorporated into accreditation and brought into NACIQI's mission.

Finally, while I have the floor, I would like to draw attention to how our system is focusing on outcomes that affect student achievement.

We believe there is no other community college with this level of commitment to results. At Ivy Tech Community College of Indiana, we have established four overarching goals for our system by 2010, and you can see that in the strategic plan that I've handed out. By 2010, we are committed to a 50 percent increase in the percentage of our students who earn technical certificates, a 50 percent increase in the percentage of our students who earn associate degrees, a 50 percent increase in industry-recognized certificates, and a 50 percent increase in successful transfers to four year institutions of prebaccalaureate students.

The overarching goal for increasing program completion will be achieved in the context of a balanced score card that will measure progress in specific metrics dealing with enrollment, remediation, retention, economic results for completers, employer satisfaction with graduates, and even instructional

efficiency and innovation, and you have that balanced score card in this document.

We are working with FutureWorks to identify high-impact strategies to achieve these ambitious goals that involve increased use of technology, more accelerated programs, and more infusion of real-life experiences in awarding of college credit. We are hopeful that these strategies that focus on students' achievement of degrees and certifications can peacefully coexist with the root intent of accreditation.

So, with that, I am going to turn it over to two of my colleagues, Judith Eaton, and I believe you have her paper in front of you, and her bio, and Kay Norton, who are going to give their perspectives on accreditation as it relates to higher education, and then, as the Chairman said, we will open it up for questions.

Ms. Eaton?

DR. EATON: Carol, thank you, and members of the Commission, good afternoon. It's my pleasure to be here.

The Council for Higher Education Accreditation is a private, nonprofit institutional membership organization of some 3,000 degree-granting

colleges and universities. Our purpose is to coordinate accreditation at the national level. We do that primarily through a focus on federal policy issues related to accreditation such as the national advisory committee, and we do that by recognizing or scrutinizing accrediting organizations for quality based on standards that we have developed. Some 60 institutional and programmatic accrediting organizations have been reviewed by CHEA and recognized. I have five points to make this afternoon.

My first point is about success, and it's to offer congratulations to you, Mr. Chairman, and to the members of the Commission. You said from the inception of this Commission that you wanted to spark a national dialogueue on higher education issues. Even though you are several months away from your report and recommendation, you have already achieved this particular objective. We're having a lively conversation and you have our attention.

My second point is about accreditation, a self-regulatory enterprise created more than 100 years ago and used by higher education to assure quality and to improve quality. A lot has been said about accreditation during the short life of the Commission

dialogue, and almost all of it, at least, almost all of it which I'm aware, has been negative. I'd like to offer a different perspective.

Accreditation is a pervasive, well-entrenched enterprise in our society. If you look at the accrediting organizations recognized by CHEA and by the Department of Education, they're 81 different bodies carrying out this work. There are about 7,000 accredited institutions in our country, and more than 18,000 accredited programs.

And, this is not just about numbers, it's about accreditation as a quite valuable asset. Accreditation serves society and serves the public interest in a number of major ways. Accreditation first and foremost assures academic quality, it is a valuable signal about the legitimacy of institutions and programs. Perhaps, the single most critical signal in our society about academic quality. Accreditation plays a key role in student mobility through the reliance of accredited institutions on one another when it comes to decisions about transfer of credit. As we know, the federal government, public sector, has turned to accreditation as a reliable authority on quality for a good number of years, and hundreds of billions of tax dollars are at stake with

regard to these decisions. The private sector relies on accreditation and relies on accreditation significantly.

I took the liberty of doing a little homework using the Commission members as my universe and I found programs at Microsoft with regard to academic discount pricing. Educational users are defined as accredited entities when we're talking about institutions. In looking, Mr. Stephens, at Boeing, your Learning Together program requires that employees enroll in accredited colleges or universities. And, Ms. Tucker, the Hispanic Scholarship Fund eligibility requirements for scholarships for accredited colleges and universities in the United States, Puerto Rico, or the Virgin Islands, the eligibility includes attending accredited institutions. As Mr. Ward is well aware, the American Council on Education requires that its members come from accredited institutions, and indeed, in reference to Ms. D'Amico's earlier testimony, in order to be a member of the American Association of Community Colleges, you must be accredited by a regional accreditor. Even U.S. News and World Report requires that you be accredited to be listed in that publication.

Ways in which accreditation is quite a valuable asset, ways in which accreditation is part of the success of higher education, to which our Chairman referred earlier today, accreditation is far from a failed system.

But, putting aside what I think has been a fair amount of negative commentary, I want to move to my third point, and my third point is about hearing the Commission when there has been talk about accreditation, and I'm trying to be careful here and not attribute any position to the Commission, because I don't believe you've taken one in this or any other area, but there has been all this dialogue.

As I followed the discussions and the papers, and the reports, several issues with regard to accreditation have emerged as central. These are the issues of student learning outcomes, transparency, consistency and comparability, and I'm putting those together, and the issue of the rigor of higher education.

What is the role of accreditation in relation to these issues? I think you've been asking this question over and over again. My third point is that we hear you with regard to this.

Which takes me to my fourth point, and the

most important point I want to make with you this afternoon, and that is to offer you a recommendation that I believe bridges the Commission's issues here and accreditation practice. It's a recommendation to reach out and to work with you on calling this an accountability agenda. It's summarized on page seven of my testimony that I believe you have.

The accountability agenda, as I'm suggesting it to you this afternoon, calls on accreditation and higher education, and it is a partnership. Accreditation can not work without our institutions and programs. Accreditation and higher education, I'm asking, work together to strengthen our investment in evidence of institutional performance and student achievement, and most important, increase the prominence of this evidence in judgments about quality.

There's been a lot of discussion about doing this with regard to testing and evidence from testing, there may be many other ways in which institutions can create evidence of performance and achievement that would be useful here as well.

Another part of the accountability agenda has to do with greater transparency, and I have two thoughts here. Institutions can expand and target

their information about performance and achievement even more clearly and directly on what students need to know. Now, we talk about what students need to know. I'm not sure we know what students need to know about achievement and performance and what goes on in an institution, and perhaps, a way to address this particular suggestion is to start with answering that question of what students need to know.

My other point with regard to transparency has to do with accreditation itself, and we have struggled with this and accreditation mightily. What do we need to do to provide more information to the public about accreditation decisions? What do they mean? What are the implications for those who have to make decisions about higher education?

Another element of this agenda would address consistency and comparability. As I look around us in accreditation and in higher education, I see websites like Kati Haycock's Education Trust and the way you can look at graduation rates, I look at the new website from the Institute for Access and Success -- that's not the totally correct name -- but, how to make comparisons with regard to financial aid information at individual institutions, I look at the IPEDS data feedback website. We are seeing more and

more areas in which data readily available are being collected and are being arranged so that there can be comparisons and there can be judgments about how higher education operates. How much longer before someone will be doing the same thing with regard to academic quality? And, if this is going to be done, wouldn't it best be located in the higher education and accreditation community themselves, rather than outside that community?

I'm calling, here, for an exploration. I'm not calling for any decisions with regard to either consistency or comparability, but, let's engage this as a community.

And, finally, the issue raised by the Commission with regard to academic rigor. There's been a good deal of discussion about general education and the need for general education outcomes. There's been some fine work done by AACU, good work done by CLA, by the Education Testing Service. Those efforts can assist us in further examining the undergraduate experience in particular.

Related to that, accreditation, I believe, would benefit from using this focus on general education as a way to reflect on its threshold requirements to be accredited. If we want to improve

rigor, if we believe there is a need to do that, general education is a way into that issue, both in higher education and in accreditation.

So, that's the agenda, addressing performance and achievement, addressing transparency, addressing, at least, exploration of consistence and comparability, and addressing academic rigor. Why in the world do we think it might happen? What might it take to have it happen?

In my view, I believe that the current climate is right for moving on an accountability agenda. First, there's been an enormous amount of work done in higher education and accreditation, especially in the last 10 or 15 years, in all of these areas. We've got a very great deal on which to build.

Higher education is not immune from the public pressure for more accountability, and I think, over time, in higher education and accreditation, we're going to be even less immune. We're seeing an intensifying competition both nationally and internationally with regard to higher education. There is, as is very clear from even the discussion here today, a sense of urgency about the importance of higher education.

And, as I've already indicated, this

Commission has our attention, as will other bodies, if, indeed, they are formed. The climate, I think, is right. I think the climate can produce incentives for action on an agenda.

My fifth point is about my colleague, Mr. Dickeson's recent paper on the National Accreditation Foundation, and I have lots of thoughts about that foundation, but I want to share one with you because I think it is so very important. Higher education in the U.S. has prospered for many reasons, but among those, we've vested our academic leadership in our institutions. We have allowed the discipline of being mission-based to frame the work of institutions. Our institutions have earned, in my opinion, a certain independence, a certain space to carry out their academic work, and the faculty in our institutions have earned the freedom that they enjoy with regard to intellectual inquiry.

The Foundation solution, as currently offered, I worry, would undermine these elements of higher education success. These elements have contributed to the most accessible, varied, and high quality higher education enterprise that we know. I'm not arguing it's perfect, I'm not arguing that it need not change, but it is an extraordinary achievement for

a society, so with regard to the foundation, please let's not, however unintentionally, dismantle the very practices that have been essential to higher education's effectiveness and its success.

So, I hope I've said a few valuable things about the role of accreditation. I did want to be clear that we, in higher education and accreditation, have heard the issues and concerns of this Commission, I hope that the suggestions here about an accountability agenda are ideas that you will find worthwhile pursuing, and finally, I hope that whatever decisions the Commission makes with regard to accreditation and the Commission recommendations, that the key features of our enterprise that have brought us to where we are today, indeed, remain intact. Thank you.

MS. NORTON: Good afternoon, my name is Kay Norton, and I am the President of the University of Northern Colorado, which is located in Greeley, Colorado, and I'm privileged to follow, as President of the University of Northern Colorado, in the footsteps of a number of leaders who care deeply and have thought at length about the shape of higher education in the United States. One of those leaders is Bob Dickeson, who moderated the previous panel, and

he led UNC through a period of tremendous stress and change in the 1980s to universal acclaim, as you could imagine, and has devoted his time since then to quality and access issues in higher education. Hank Brown, the former United States Senator from Colorado was my immediate predecessor as President of our university. He brought the perspective of a private businessman and an elected public official to the task. I came to the presidency first through membership on the appointed board of trustees of the university, then as General Counsel -- yes, I'm a recovering lawyer -- and Vice President in the Brown administration.

I have now entered my 12th year of close involvement with the university after many years in a for-profit commodity business which was a unit of a Fortune 500 company. Actually, a Fortune 50 company, to be precise, I used to work in the meat packing business. I bring a different point of view, therefore, to higher education, yet, let me tell you that there are many more parallels than you might imagine at first between the business of producing a commodity and that of organizing and delivering excellent post-secondary education.

I often talk on campus on how difficult --

how much more difficult it is to know how you're doing in an environment that doesn’t have the ready measure of a bottom line. We have to dig much deeper to find motivation based on our public educational missions in higher education. More important, we have to find ways to assess and to describe how we are doing. Did the students learn anything? And, how do we know? Are we making a difference for the people of Colorado?

One of the lessons that I have learned in comparing my former business and my current one is this: If we talk only about costs and price, then we are in a commodity business, which is an untenable position for any United States enterprise, whether it be for-profit or higher education. The United States is not going to be the low cost producer. We must have a value proposition, a way of demonstrating quality in order to command a premium in the global marketplace.

To be sure, we know we need to have to be efficient, we have to be creative in how we organize ourselves to continue to provide unequaled access to higher education to increasing numbers of our citizens. But, the real core issue that we're here to talk about this afternoon is quality. How do we achieve and prove world class quality?

You've been briefed on the current complex web of federal, state, and private regulation of higher education quality. Accreditation actually appears to have come first as a private, self-regulating activity. States, in essence, in the past, have owned and operated systems of higher education and addressed quality primarily through budgeting and regulation. The federal government adopted accreditation as a proxy for quality as it entered the financial aid arena, post-World War II. All three players in assessing educational quality have become more active over time and none has ceded its role to any other.

States have become more active in addressing quality and accountability as pressures on state budgets have -- from entitlement programs, K-12, Medicaid, Corrections, have increased in the last 20 years. This is, undoubtedly, not accidental. States have paid particular attention to high-visibility areas which are matters of great public interest such as teacher preparation. Colorado has adopted a system of performance contracts tied to access to voucher-like student stipends for undergraduates with a fee-for-service contract for graduate education and specialized services performed by the institution.

Sometimes, state efforts align with accreditation process. Sometimes, they parallel each other. Sometimes, they conflict.

Attached to my testimony is a second document that's a summary of the University of Northern Colorado's array of accreditation activities, state regulatory requirements, and voluntary quality initiatives that we've undertaken, and I'll highlight a few of those at the end of my remarks, but an example, the university is gearing up for two reviews of its teacher preparation program, one after the other, in 2007, and then again, in 2008. The estimated total cost of NCATE accreditation for the university between 1999 and 2008 is $528,950.00. We have to make decisions on a regular basis about what is and what is not a good investment in quality assessment to the extent that we are allowed to choose.

Continuation of the status quo without consideration of expanding state activity and merging alternative performance assessment process such as the Baldrige system will result in confusion, duplication, and unforgivable waste.

In a perfect world, organizations would automatically focus on quality and not require goading

by external processes, whether markets or regulation. The Baldrige ideal of continuous improvement would be a given; however, in this enterprise, we have to rely upon human beings in a decidedly imperfect world. We all need direction and motivation: why are we here? How are we doing? How do we know?

Many accrediting bodies have moved with federal encouragement toward a more outcome-based system of review. This is a welcome trend. Changes by the Higher Learning Commission of the North-Central Association allowed the University of Northern Colorado to integrate an institutional conference of planning process that we had undertaken with decennial review, two years ago.

However, it's been our experience that specialized program accreditations, as opposed to institutional accreditations, are not nearly so flexible. Some retain standards which appear to address issues more properly discussed at the labor relations bargaining table than a discussion of student learning and advancement of knowledge.

Even the federal guidelines for accrediting bodies contain a number of elements about inputs rather than outcomes. We've all saw the recent discussion and furor about NCATE's standards,

including dispositions, for teachers, which was a term that gave rise to a number of interpretations, some of them wildly off the mark of the intent, I think, but it was quite a fascinating experience as we prepare for NCATE's visit to take a look at what we mean by dispositions, and we didn't mean personality, it turns out.

I am not calling for the federal government to take over the regulation of quality of higher education by, in effect, insourcing accreditation. It's sort-of an outsourced system, except that the accreditation came first and was really recognized by the federal government. And, I'm also not a champion of requiring the states -- or, allowing, perhaps, the states to develop 50 completely separate systems to address quality in lieu of accreditation. I don't think that's a move toward efficiency or effectiveness, either.

I do think that there is a clear responsibility on the part of the federal government to exercise some leadership in this arena, in defining what an organization must demonstrate in order to justify access to those billions of dollars of federal investment in financial aid that we've been hearing about all afternoon, and I'm not sure I ever thought

I'd be saying that the federal -- asking for help from the federal government, but nonetheless, I think there is a leadership role here.

In doing so, please allow for the emergence of processes like the Baldrige Performance Excellence model and for creative state systems. Allow for the consideration of processes that come from other places and other federal investments.

In the food production business, we used a system that was developed by NASA for food safety so that the astronauts wouldn't experience food poisoning when they were in space, and it's called -- it's a production control process related to quality called HACCP, Hazard Analysis Critical Control Point, and the more I think about it, the more I realize that any process that has some sort of a desired outcome at the end of the process might benefit from an analysis based upon HACCP, where you take a look at your process, you figure out at where are the critical points at which something could go awry in the process, and you design interventions to make sure that things go well. An example would be the course redesign that we heard about from Dr. Twigg just recently.

Please, in your thinking, reward

accreditation processes which do focus on outcomes for students and for society, and help us establish that value proposition that will keep the United States' higher education unquestionably the best in the world.

I would like to touch upon just a few highlights of the fact sheet about accreditation as -- at our institution, the University of Northern Colorado, to give you an idea of what it looks like on an institutional basis.

We are -- our mission, as a comprehensive baccalaureate and a specialized graduate research university, we have a continuing commitment to our traditional role and our initial role in the preparation of educators. We were founded in 1889 as the state normal school. We are designated by the -- under the previous Carnegie Foundation system as a research-intensive institution. We have about 12,000 students. Eighty-five percent are undergraduates. Our total expenditures, total budget, about $130 million for this current fiscal year. In 2005, the university's Monfort College of Business became the first business school to receive the Malcolm Baldrige National Quality Award from the United States Department of Commerce, hence my mention of it. We are intimately familiar with that process as a means

of achieving a culture, we hope, of continuous improvement.

We are required, through a performance contract with the Colorado Commission on Higher Education, to maintain national accreditation of our teacher education programs. That is possibly something that we could renegotiate if we decided that that sort of accreditation was not valuable to us. That is not a decision that we have made, to try to seek an exemption from that.

I mentioned the upcoming state and NCATE accreditation processes that we are gearing up for. We have -- at UNC, we have regional accreditation through the Higher Learning Commission of the North-Central Association, we have NCATE accreditation for our teacher preparation program, and we have specialized or professional accreditation by a list of 22 other organizations and entities.

The ones with an asterisk don't have annual dues, but there are costs involved in terms of staff time and faculty time in addressing the concerns of each and every one of these 22 separate organizations.

Costs, we've tried to give you an estimate. The obvious direct costs are annual

memberships fees and the reciprocal expenses related to on-site reviews. In terms of dues, it's about $32,000.00 annually for us for all of that array. For regional accreditation, self study, and site visits, our 2004 North-Central Association Higher Learning Commission self-study and campus visit cost about $303,000.00. That does include release time, faculty time estimates. The focus visits that occurred during 1998 and 2000, we estimate, cost about $130,000.00 each, thus, the total that I mentioned earlier of $563,000.00. Again, that does include release time.

Institutional accreditation, self-study, and site visit for North-Central -- excuse me, for the NCATE -- the teacher accreditation body, that was in 2002. Preparation began in 1999. Total costs with time, $264,475.00. We're applying for reaccredidation again in 2008. We anticipate the cost will be similar.

The direct cost for the specialized accreditation processes range from $2,000.00 to $7,2000.00 without trying to account for time, which would have taken us more time to assess and add up, so we did not do that.

Not all of those organizations do require on-site reviews for reaccredidation, so it really does

vary with the process. We are estimating about $40,000.00 for specialized for professional accreditation site visit cycle without release time for faculty and staff.

The Baldrige process, we did not give anyone release time. The work was undertaken by the College of Business faculty and leadership voluntarily in order to establish ourselves in the marketplace as a high quality program. The direct costs for a three-year period from 2002 to 2005 were about $40,000.00, although, when you win, you also get some benefits in terms of some money from the Baldrige Foundation to attend the awards ceremony.

We do estimate that in terms of the uncompensated release time that the six faculty dedicated to this project spent about 250 hours each on the work.

Now, what are the benefits? That's -- I told you, we have to make an assessment of the costs and the benefits of accreditation or other quality assessment processes. Well, we all have heard and know that, first of all, you get the key to the kingdom of federal financial aid in terms of institutional regional accreditation. NCATE accreditation is something required by our state

regulatory body. Specialized and professional accreditation does allow students in certain professional degree programs to bypass costly requirements for licensure and certification, so there's a student benefit to that. So, for example, UNC masters students in counseling may waive the 3,000 hours of post-MA experience required for a National Certified Counselor certification because of our accreditation by the Council for Accreditation in Counseling and Related Educational Programs, so definitely, cost-benefit comes out in a very positive fashion there for students.

Educational benefits, there certainly can be curricular improvements that are tied to accreditation standards and to the extent that they are beginning to focus on student learning outcomes, we think that's a very positive direction.

And, professional accreditation standards can and often do result in program alignment. What we do with professional standards so that our students are better prepared for entry into specific professions.

In -- I imagine that you are interested, as I was, in, well, what are the benefits of the Baldrige achievement, which, certainly, is a singular

achievement at this point. Freshman enrollment in our College of Business for this fall, 2005, the first year after the announcement of the award, was up 31 percent. Private donations increased by 87 percent as compared to the previous year, student learning results in a national standardized test in business moved from the top 10 percent in the nation to the top five percent in the nation. Overall graduating student satisfaction is now in the top one percent in the United States for three straight years based on implementation of the process. 97.4 percent of the current Monfort College of Business students would now recommend the business program to a close friend or relative. That is a 13.4 increase from four years ago. We have found great benefits to being able to quantify, measure, and communicate our commitment to continuous improvement at the College of Business.

So, the challenges of accreditation, you've heard a lot about, you've read a lot about, and I won't belabor those. I think, ultimately, it's making the case for is it the most effective way of assessing and communicating quality? Not yet, not today. Could it be? Quite possibly, if this Commission exercises the kind of leadership that institutions are really asking from you, particularly

as it relates to our relationships with our states. Thank you.

DR. D'AMICO: Mr. Chairman, if I can do one more thing before you open up for questions.

CHAIRMAN MILLER: Please.

DR. D'AMICO: As the Hoosier -- first Hoosier to address you, I want to welcome you to Indianapolis, which I didn't do. Those who know me know I get right to the task and lost social graces, so thank you for coming to Indianapolis and welcome to our city, and we're glad you're here, and we hope you enjoy yourselves this evening.

CHAIRMAN MILLER: We felt the welcome, thank you.

We'd like questions and answers from the -- we've got a good deal of time to do that. I'd like to at least say one thing quickly, that some of the criticism you've heard, which I think some of is valid, is -- came about, partially, because I asked for -- the last paper written, not all the things written were critical, but that last paper to be critical, that's exactly the term I used, because we have heard a lot of comments in different venues. I can say -- attest to my own experience, that I don't think I've heard academic executive officers be as

strong about anything as they were about the accreditation process. I'm sure they were wrong part of the time, but not the whole time, and when they got a bad answer, I don't think I've ever seen this strong of a reaction to the answer as that. Plus, truthfully, if I were trying to describe it, I would describe it as almost a secret society. I wondered if you'd credit the Da Vinci Code in there somewhere, because really, the issue is more what do we know about it? When I discovered that the public didn't know much about it and the Commission actually didn't have a lot of firsthand knowledge if you weren't an academic, we needed to, let's say, expose the issue, and I think we've done that, so whatever criticism comes out of that, I'm sure it's going to be productive.

And, the big idea that was put in Bob Dickeson's paper came because we asked people that have given us recommendations, and we haven't got too many on the table, to make bold ideas, put forward bold ideas, and that's a bold one, and I hope when we get other bold ideas, people will understand those are ideas, not necessarily come to a conclusion just because we put them on the table.

Carol, you go ahead.

DR. D'AMICO: Yes?

COMMISSIONER DUDERSTADT: Let me kind of flip it around and come with a positive approach. I've been quite impressed over the last several years by, at least, how some components of the accreditation process are really trying to put into place measuring what members of the Commission are concerned about, trying to drive institutions to better define their educational objectives, provide evidence of how they're achieving those objectives, educational effectiveness, and so forth, and so the question to you, I suppose, Judith, and you've raised part of it is, earlier, can you evolve or should you evolve from a gatekeeper, you know, assuring, kind-of, the base level of quality of achievement is there, into something that actually begins to drive world-class quality in higher education, and if that expanded mission becomes important, do you do it through the carrot or the stick? Do you do it through your control of access to the kingdom of federal support, state support, so forth, or do you do it in the marketplace? And, of course, if you do it in the marketplace, at that point, the whole issue of transparency is going to become very important, but I would say that the institutions that I've been

involved with that have gone through accreditation take very seriously the challenge to really come together to find what they're trying to achieve, and they're taking very seriously the effort to actually develop evidence to try to demonstrate what they're able to do or what they're not doing.

DR. EATON: Thank you, Jim. Before I go into that, I recommend that everybody in the room, when you go back to your respective rooms, go to the CHEA website at www.chea.org, and we've got on there a fact sheet about how accrediting organizations operate, their standards, their practices, their staffing, their commissions, their policies. It's not secret.

What people know less about, and I've already acknowledged this, is, everything that is behind a specially positive accreditation decisions, and I've already said, we need to talk more about that, but I have trouble with secret, if I might.

Jim, if I understand your question, and I hope I do, because I'm an alum of your former institution --

COMMISSIONER DUDERSTADT: Former? I'm still there.

DR. EATON: I hope so. You're asking if

we want the drive toward world-class quality, do we want to go about it more through regulation or through persuasion?

COMMISSIONER DUDERSTADT: Yeah, I think the accreditation process is evolving toward trying to look at the right things, so, the question is, how do you use that beyond simply being a gatekeeper to actually help institutions or stimulate institutions to drive world-class quality?

DR. EATON: Well, I think that what Kay talked about is an example of that, where, at least, in the institutional level, and especially in regional accreditation, you're seeing more and more of what I call tailoring or customization of accreditation reviews focused on an issue of importance to the institution, and if the institution, for example, wants to have a world-class program, whether it's in business or teacher preparation or a number of other fields, the accrediting organization, as long as those threshold conditions are carefully reviewed, works with the institution.

We have an ongoing series of interviews with college and university Presidents and I conduct many of those, and on the one hand, yeah, I hear some gripes about accreditation along the lines that we

heard from Kay, but I also hear a lot of praise for accreditation for doing just this, enabling institutions to meet goals that an institution has set for itself, so I think in that way it works. If you want more than that in terms of let's explicitly address world-class standards in certain areas -- I'm ducking your question as of right now.

DR. D'AMICO: Mr. Vedder?

COMMISSIONER VEDDER: Yes. I enjoyed your testimony -- all of the testimony very much, and Ms. Eaton, I want to assure you, speaking as one Commissioner -- Charles picked up -- said this, and I just want to reiterate, this Commission has not taken any stand or even really talked, as far as I can recall, and I've been at every Commission meeting, anything about accreditation to this force. We have some discussion papers that are on the table, but that's the extent of it. Having said that, however, I found Mr. Dickeson's paper somewhat interesting and simulative, and I just --

DR. D'AMICO: You need to --

COMMISSIONER VEDDER: Yeah, I imagine it probably raised your blood pressure more than mine. I have less at stake. Having said that, just to pick one little vignette from his paper, and just one, I

just want to know how the higher education community can claim to maintain some integrity when the evaluations of itself are done by itself? When the people that do the accreditation are members and financial contributors to the organizations that do the accrediting. Why shouldn't we have something like the academic equivalent of Underwriters Laboratory do the accreditation? I'm not -- I'm agnostic on this. I'm not -- I'm just asking the question. What's wrong with Mr. Dickeson's point?

DR. D'AMICO: Maybe Ms. Eaton, and then I don't know if David Ward, you want to comment too, but --

DR. EATON: I believe your question is about, can we have any self-regulatory scheme that isn't suspect? I think we can have defensible self-regulatory schemes, and I think that accreditation of one of those that tries to work toward a certain level of ethical consideration, avoid conflicts of interest, there is little gain for "you scratch my back, I'll scratch yours," because the entire enterprise is diminished. Again, it is not a perfect system. Do you want to go to external examinators and get rid of peer review? Let's talk about --

CHAIRMAN MILLER: Well, how about a little

transparency? Wouldn't hurt. I mean, that's not the alternative. It's not that --

DR. D'AMICO: I think on this, I'll go ahead, then Mr. Stephens, you had a comment?

COMMISSIONER STEPHENS: Just a comment, and some folks from outside academia, and I have commented about the number of institutions the Boeing company is involved with. I happen to lead -- you know, human resources at Boeing, we have involvement with 250 colleges and universities in the U.S. and around the world, and certainly, we use as a measure of the value that those institutions can bring to our employees, you know, whether or not they're accredited or not, but I would have to tell you, I know of many institutions, the curriculum hasn't changed in 40 years, and so I have to raise the question, what value are they doing to the employees, because in addition to the $100 million we spend sending our employees to colleges and universities, we spend 5 million hours a year training our employees. That says, every day, I have 2,500 employees in classroom, and so it is about value, and so, we have a tough challenge about working that, so I would go back to Richard's comment, is, you know, what is the opportunity to bring someone from outside of academia to participate, to make sure

there's relevancy for those of us who are looking for the workforce and the education that it provides?

DR. D'AMICO: And then, there was a question --

COMMISSIONER MENDENHALL: As a President of an institution that was recently, for the first time, accredited, I have a couple of thoughts about this. I appreciated the issue papers that were published, but I would like to raise an additional issue or two about accreditation that maybe were not mentioned, and I think it starts with what our goals as a Commission would be, but I think, generally, we have some broad consensus around the need to increase the supply of higher education and to encourage innovation in higher education, and to improve quality, and I think a lot of this discussion has centered around the role of accreditation and improving quality. My own view is that it is, perhaps, overstated, maybe the single biggest roadblock to innovation and the biggest roadblock to increasing supply in higher education. Regional accreditation takes five years. You really don't sign up students until you're accredited, which means, the real test is, do you have enough money to last for five years without any students until we get through

the process? Most institutions don't, which is why we have very few new institutions, except for the for-profits, and essentially, all the new institutions in the last 20 years have been for-profit institutions, except, maybe, ours.

By the way, the paper indicated that accreditation is voluntary and we'd like to say that, and it isn't voluntary if you want to stay in business, and it isn't just about federal financial aid. We were fortunate enough to have waived some requirements and be able to offer federal financial aid before we were accredited. In four years, we managed to get 500 students. After accreditation in the last three years, we've gone from 500 to over 5,000. That doesn't sound like voluntary to me, if you're going to be successful in higher education.

By the way, we're also -- we're regionally accredited by four regions. We're also nationally accredited. My own view is that the national accreditation completed in a year and is equally as rigorous.

More so, I just found it interesting that when Carol, earlier today, mentioned about evaluating course completion rates, our national accreditor, which is the ETC, actually requires us, every year, to

report on completion rates for our 10 largest courses and on customer satisfaction rates each year. We don't have similar requirements from regional accreditation, which is considered the gold standard.

Back to my two issues, I find accreditation a roadblock to innovation and restricting supply, one, because of the time associated with becoming accredited, but also because accreditation, as we saw with the core academic values that Carol shared with us, really focuses on process, not results. The core academic values basically say this is -- we will dictate your instructional model, you'll do it the way we've always done it.

Two examples, shared governance and faculty credentials. If, in fact, you could have a system, which is impossible today, with a different governance model and with different faculty credentials that actually turned out students who learned more and faster, it's impossible to create such a system today. You can't even get it off the ground because you can't -- the accreditors wouldn't even agree to consider accrediting you, much less, start the process, and I think those are issues that we need to address with accreditation equally as much as improving quality, is, how does accreditation help

encourage innovation and encourage additional suppliers, whether intentionally or unintentionally, it serves as a roadblock to innovation and new institutions.

DR. D'AMICO: I think you raised some very key questions, and I'm hoping that the Commission deals with -- yes, sir?

COMMISSIONER VEST: No, please go on.

DR. D'AMICO: No, go ahead.

COMMISSIONER VEST: I just wanted to make two or three comments. One's to Rick. I'm going to Chair the new accreditation board of academics to decide whether Boeing can stay in business or not. It goes both ways, seriously.

COMMISSIONER STEPHENS: Well, since you've made the comment, I will tell you that the market decides whether we stay in business or not.

COMMISSIONER VEST: Absolutely.

COMMISSIONER STEPHENS: And so, we have full transparency on all that goes on, and so, all we're asking for is transparency in the process.

COMMISSIONER VEST: I agree with your market comment.

But --

COMMISSIONER MENDENHALL: And, Chuck, how

many business people do you use on your visiting committees?

COMMISSIONER VEST: This is what I wanted to say. This is my serious point. When I was President, I answered to 75 trustees, two of whom were academics, and that was enormously valuable, despite my ribbing back and forth, but that really played, more than anything else, the role that we're talking about, now, about the external view, input, different perspectives, and believe me, you take it seriously, they hire you, they fire you.

I also wanted to say that our experience, my experience, having gone through institutional accreditation twice, was actually very positive. We got enormously good feedback, we improved the institution, it worked well. We could be here all afternoon if I started telling horror stories about individual professional organization accreditations, which, to pick up on what Bob Mendenhall said, very frequently, I would say, more frequently than not, were impediments to change and innovation.

So, I think that when we get into these discussions about accreditations, at least experientially, there really is a big difference between the institution-wide look and the individual

professional things which have tended to be run as kind-of input bean counting, let alone, getting a way of doing outcome measures, which the academics, by the way, frequently had to force the folks coming out of the professional societies to agree to do, so it's a real jumble of issues, as our Chairman pointed out, when we got started.

DR. D'AMICO: Mr. Zemsky?

COMMISSIONER ZEMSKY: I'm going to make a plea to the Commission that we stay out of this fight. This is quick -- if we could spend the entire effort reforming something that does nothing at all at the moment, practically, because that's actually what Bob and Chuck, in their own much nicer way than I have, of saying it, I spend a lot -- I'm not a university President, I spend a lot of time with university Presidents, I thought the most interesting thing President was -- I've never seen the costs totaled up before, and -- but, I have been on campuses where they're in strategic planning and they say, "Well, let's see how much we can sort-of make reuse of in our accreditation visit which is coming up," or they do it vice versa, the accreditation visit did self study and a harvesting kind of thing. I rarely have ever seen a major university or college worry that it wasn't going

to be accredited, so there is no stick, Jim, nor have I ever seen a major college actually assign a really major officer to do it. I did it for Penn. I was not, at that point, a major officer.

CHAIRMAN MILLER: Look what happened?

COMMISSIONER ZEMSKY: I think, of all the things that we have to worry about, I think we have to worry about accountability. I think we have to worry about metrics. I think we have to worry about how transparency that the Chairman talks about, if we tied those issues to trying to get accreditation to be the vehicle, we'll be here forever.

DR. D'AMICO: Did I see Secretary Stroup's hand up, there?

EX OFFICIO MEMBER STROUP: I can't let you go, and I can't let Kay go, because you're both old friends, and, you know, for purposes of full disclosure, accreditation is my full responsibility at the Department of Education. College Presidents complain to me when they're not happy, but I mean, I have to ask the question that I ask people who come into my office, and that is, if you didn't have to, in order to get student aid, would you do it?

DR. D'AMICO: Well, in terms of the program accreditation that President Vest talked

about, probably not. I mean, we are really thinking about NCATE accreditation and its value, given the increase in state regulatory activity, too, which is what I want to keep emphasizing, that is, we have all of these three players that we have to juggle, and, you know, everyone's so helpful and very nice. The institutional accreditation, if it continues on the path where it is about outcomes and can be integrated with the sort of continuous planning that we ought to be doing, then I think it might be worthwhile. But, we'd have to make that assessment.

DR. EATON: Sorry, I wanted to respond to that too, if I might, because I asked that question of these Presidents I interviewed, and almost 100 percent, yes, they would keep institutional accreditation, and surprisingly, with all the concerns, they would keep specialized accreditation because specialized accreditation is key to licensure of individuals in specific fields. There's also a concern that, however imperfect, if we didn't have either type of accreditation, we would be visited with an intensely regulatory government-based system that would be less effective and desirable.

EX OFFICIO MEMBER STROUP: But, you're spending a lot of time with people who don't come to

my office, Judith. That's all I can tell you. I can tell you the answer from the people who show up on my doorstep, but I'm assuming they're different Presidents who come to see me. So, Carol, Yes or no?

DR. D'AMICO: I was hoping you were going to forget.

EX OFFICIO MEMBER STROUP: I didn't forget. You don't have to answer, you can say -- you can pass.

DR. D'AMICO: You know, I don't know. I'd have to really look into it. I -- one of the issues, there are not a lot of other choices if we talk about independent appraisal of quality, and one of the things that the higher education act, correct me if I'm wrong, is trying to do is maybe create more choices for our institutions to choose an accreditation body, so, I don't know. I'd have to think about value added.

Yes, Jonathan?

COMMISSIONER GRAYER: You know, Bob, as a -- you know, a blend of the market mechanism and higher ed, Kaplan is all different sorts of accreditors, and I would say that for us and for the large for-profit entities in general that the accreditation process has actually allowed innovation. If you look at the

number of students served by for-profit institutions, it's so, dramatically. In the 80s and early 90s, there were all different types of crisis and confidence in for profits, and the regulatory -- and, the accreditation process is a key part for what the for-profits have aspired to do, and, you know, one of the things that is hard to really bring to life, here, is the anatomy of what a regional accreditation site visit is like, you know, and we talk around it, but to the -- for a for-profit who has to prove their mettle, it is an intense process, it is an expensive process, and it is a scary process, as it should be. That is not to say that for a great institution like MIT or the University of Michigan, it has all different other types of meaning, and therefore, needs to be adapted, but for the working adult that is served by online for-profit education institutions, the accreditation process is doing its job and that doesn't mean there doesn't need to be transparency, and, in fact, I think you'll all have to think about how you market what you do better to the people who are looking at you, because it's, you know, an important part of the creditability that comes with the process.

DR. D'AMICO: Mr. Chairman, we are out of time, so I don't know if you want to have the last

word on this? I want to thank the panel. On behalf of the panel, thank you --

CHAIRMAN MILLER: We have one more person that wanted to speak.

DR. D'AMICO: I'm sorry, David?

COMMISSIONER WARD: I was just going to try and sort-of summarize some of the reactions here, which sort-of came out with Carol Twigg's comments, and that is best practices. There are, in fact, best practices certainly in regional, which I actually call institutional, accreditation where the strategic management objectives of the institution become the basis of the self-study and there is, in a sense, it becomes part of a culture change of the institution. It doesn't always happen, and so, one of the issues we may need to look at here is not to argue that it is one thing or the other, it is, actually, a gradation of practices, and what I would like to see is some encouragement to best practices in accreditation. Some have occurred that would, in fact, be extremely appropriate for the needs for innovation. Some would not.

My own experience of professional accreditation, I found very helpful, very statistically based, and, by the way, included

significant presence of engineers from the private sector. I did not always find teacher education accreditation particularly helpful.

So, there's this enormous variety of experience here, and perhaps what we need to do is, rather than an outright condemnation, figure out a way to develop best practices, and certainly, when it's performed well, internationally, institutional accreditation is extremely revered. Those people from abroad who are struggling right now with the heavy hand of government in quality assurance see the best practices of regional or institutional accreditation as something we need to do, but I'm not sure whether we've got our arms around that to celebrate the very best in doing that, and I think that's going to be what challenges.

On the transparency issue, I think that the challenge there is whether, if there is a negative outcome, and maybe there ought to be a stronger visibility of negative outcomes. My own experience was that the review of my institution was not at all shy about, for example, in 1989, an absolute blanket indictment of how we treated freshmen at the University of Wisconsin, Madison. They were right, it was terrible. But, we were allowed to make a proposal

on a two year plan to do things to improve it, and so, when the Board of Regents received -- and, by the way, there was no lack of transparency in a public institution. In Wisconsin, of course, your e-mail can be subpoenaed, I mean, it's -- there was no trans -- if transparency exists, it exists in Florida and Wisconsin by law, and so, the Board would receive everything that we have. There was no secrecy but the review team permitted us to react at the time they indicated -- there were six things that they thought we could improve. They weren't going to deny our accreditation but they could have been very damaging in a public relations sense, and certainly would have aroused the interest of the state legislature in a small state, so we were permitted, in each of these, to actually develop a plan or indicate how the solutions were embedded in a strategic plan, and it seems to me that that's the other issue, that a fear that the pure negative has an immediate effect with no redress, and if there is a simultaneous possibility of how you would redress some of these problems, and if they can't be redressed, then I think, you know, the problems are so serious that maybe the public needs to know that.

The transparency issue is that that sense

of an unfair or failure of process to allow an institution to qualify the negative before that is out there, but I would say two things in here. One is, better -- the pest practices need to be better understood, and the second one is what I would call a due process or institutional -- even though it's supposed to be peer review, it can be pretty savage. I've been on -- chaired an accredit, here, was pretty savage to the institution. We were, supposedly, accredited, in fact, placed on probation, so, the fact that I was in higher education or I was trying to evaluate higher education, we -- it became transparent to have to be a public institution, the Board wanted to know about it, the newspapers wanted to know about it, the governor wanted to know about it. I didn't feel that transparency thing was a big deal, and I, in fact, in some cases, could have been viewed as slightly unfair if there wasn't some well-defined rule by which the institution could respond to the negative.

So, I think there's an issue, here, of how we sort-of -- there's too much of a varied practice, in my view, and rather than having "some national organization" provide that for us, perhaps college presidents, the accreditors, need to get together,

find out what those best practices are, and raise them to the level that we ought to be pursuing.

I also agree, even though ABET has outsiders on the review team, I do think for public -- the public confidence or knowledge of accreditation would be greatly improved if there was a more systematic way of including that presence on all kinds of accreditation.

DR. D'AMICO: Mr. Chairman, --

CHAIRMAN MILLER: Thank you. I'd like to just take personal privilege, again, since I raised this issue or asked the Commission and other people to raise it, I don't have really preconceived ideas. You might think so, but I actually like the self-regulatory body, I dealt with it in the securities business. I would hate to see a federal entity do more of it than it does. Of course, there is a federal entity, there are statutory provisions. CHEA was organized by -- because of problems that existed in accreditation. I just think we have to be tough-minded about everything that has to do with higher education and this is a powerful entity. It's a life or death rights. I mean, the pervasiveness that was described earlier says that. I mean, the fact that virtually everybody says it's okay if you're

accredited, so I think you need to be asked what the good, bad, and indifferent is, and respond, and so I think that's what we're doing, and I think that's valuable.

I don't think the history of looking back is going to be the answer. I think we're in a different set of circumstances. I'm going to push that more and more, and what response is going to be to those circumstances may not be as friendly or as easy or as comfortable as it has been in the past, and that's when you're vulnerable, if you haven't dealt with the problem yourselves, or you don't have the transparency or openness to say what the problems are and talk with the public, and I worry about that, that lack of trust. There aren't many institutions that can do what it wants to do by itself without all that public support and can do it without any openness or criticism. This is a unique one, so the purpose of this is to bring all of these kinds of issues to the forefront, and I'm glad we did that, to be able to get to the right direction.

DR. D'AMICO: Well, speaking as a Chair of NACIQI, I just want to thank you for at least airing these issues. Whether you take Mr. Zemsky's advice and bury it or whatever you do with it, as Ms. Eaton

said, you've done a great service just by talking about it and --

CHAIRMAN MILLER: Thank you all for helping us.

DR. D'AMICO: -- we appreciate it.

(Applause.)

CHAIRMAN MILLER: Please hold your seats. The infamous -- folks, the Chair is going to step down and put Professor Rick Stephens in place to moderate a panel of discussion, or discussion by the Commission, and he's got the responsibility and rights to do it any way he chooses to do it.

So, the floor is yours.

COMMISSIONER STEPHENS: Mr. Chairman, thank you. Can everyone hear me okay? So, it's been interesting since we started our Commission work the last year, what's very clear is that we come from a number of different perspectives. We have different language, we have different motivations, we have different expectations about dealing the Commission, and I think what's come back in and forth in our discussion, he and I have heard each other quite regularly. It's not that we disagree, but we do have different language and different perspectives, and I think the challenge we face right now is where are we

going to bring our thoughts together, to coalesce, so we can start coming up with a cogent report to bring back to the Secretary?

What I'm going to do right now is spend an hour, really helping us together, come to some alignment about what our thoughts are, and there are really two steps that we'll walk through. We talked about affordability, we talked about accreditation and accountability, we've talked about some articulation of our goals, we've had teams that have gone off independently, we've had a whole series of meetings to go around the -- in the last five or six months about our thoughts and ideas. The idea is not to throw any of those thoughts and ideas out, but we'll really use some form in bringing this together.

I'm going to use a process called nominal group technique. It's a simple process, many of you have probably used it before. It's a process focusing on two key elements that will allow us to use a common language. First is, we're going to do some brainstorming for, and that's what the whiteboard is for. We're going to all see together our thoughts and ideas, from a brainstorming standpoint, on the board, and I'll facilitate that discussion, and hopefully get some help with the easels. Then, we're going to put

some things on the wall, and we're going to start with a set of shared values. What are the shared values or the expectations we believe are important to come out of higher education? Because, if we as a Commission can arrive on that, we'll go a lot further down the path of what are the steps or actions that we think will allow us to be able to achieve those set of shared values? And, once we have those shared values on the board, what we're going to do, then, is give everyone a set of dots. We're all going to have the opportunity to do some multi-voting.

Now, multi-voting, again, drawing a line around what we think is important. When it comes to the voting, you get three dots. One dot's worth five points, one's going to be worth three, and one's going to be worth one, and they're handing the dots out in this process. you will assign your five to what you believe is the highest value on that list of shared values, and with that, we will begin to coalesce.

Now, in all of these activities, the intent is to try to get alignment, where we can all agree exactly what the items are, but this process, as a demonstrative activity, about getting us alignment says, "These are the biggies, these are the important ones," so we can spend our energy and focus.

When we complete that, the second set we'll do is talk about, "So, what are the big-ticket items we think we're going to be able to focus on achieving those shared values?" And, as Charles has talked about, it's all been about how can we make some bold steps necessary to achieve what we think higher education in America ought to be about? We'll go through the same process, and have a shared set of values, have a set of what we think are the important elements to go forward on, that will then form a foundation, then, that says, "Yeah, we'll coalesce on some things that we can give drive to," and that will complete our hour, and then we'll have the opportunity, then, to get more testimony tomorrow, but we're about ready to go start writing our report, so it's all about finding a common language and a common set of expectations. Make sense?

How many of you have used nominal group technique before? A few of you? Did it work? Sometimes? It is a messy process, there's no question, and I think, in the end, we have to decide on this, relative to three key elements. You know, in all the decisions we can make, we can rehearse them like they're our own, okay, and we're happy with that. Second element is, we can accept things relative to

what we put on the board. Third is rejection, okay, and the experience I have is, when you give people the opportunity to embrace or accept written down as fact, it's when you get to the rejection stage that you've got to have the discussions, okay, and as you will see, if, out of our nominal group technique we get something all the way down and someone says, "I put my five on it and no one else likes it," okay, that's where the discussion will be, but I think this is an opportunity, again, to connect on fact and so we'll give it a whirl and see what comes out of it.

So, what I would like to do is just some brainstorming. The first is this notion of our shared values, and brainstorming is, let's go around the room, let's write them on the board, there are no good ideas, no bad ideas, but what are -- what's our sense of shared values or attributes of higher education system? Go ahead.

COMMISSIONER ROTHKOPF: I'd say that it's every qualified student who graduates from high school should have access to college.

COMMISSIONER DUDERSTADT: Access as a general value.

COMMISSIONER STEPHENS: Okay, so, access as a general value.

COMMISSIONER DUDERSTADT: Quality as a general value. Innovation as general value.

COMMISSIONER STEPHENS: Well, hold on while she rights all that down.

CHAIRMAN MILLER: Could we change access to opportunity?

COMMISSIONER DUDERSTADT: Opportunity is good.

COMMISSIONER VEST: Yes, because that's my word.

CHAIRMAN MILLER: Thank you, that's what the public would say. That's the fundamental value.

COMMISSIONER STEPHENS: So, access -- what I heard was access, opportunity, --

COMMISSIONER ROTHKOPF: I accept the amendment of opportunity.

COMMISSIONER STEPHENS: Okay, yes.

COMMISSIONER DUDERSTADT: Well, put quality on there.

COMMISSIONER STEPHENS: So, access/quality.

COMMISSIONER DUDERSTADT: Quality.

COMMISSIONER STEPHENS: So, quality. How to more define --

COMMISSIONER DUDERSTADT: World class

quality.

COMMISSIONER STEPHENS: What's that?

COMMISSIONER ROTHKOPF: The quality of the output that the institutions are doing.

COMMISSIONER DUDERSTADT: Yes, access to mediocrity is not opportunity.

COMMISSIONER STEPHENS: Okay, so, I'm going to press a little bit more about quality, because I think we struggle with what that means.

COMMISSIONER DUDERSTADT: Okay, where do we set the bar, okay? And, I still think we have to set the bar at world-class quality for all elements of our higher education system.

COMMISSIONER STEPHENS: So, who sets that criteria?

COMMISSIONER DUDERSTADT: I think the world does.

COMMISSIONER STEPHENS: Okay, is it set in terms of knowledge created?

COMMISSIONER DUDERSTADT: It is, in terms of learning added.

COMMISSIONER STEPHENS: Okay, so, world-class knowledge creation.

COMMISSIONER DUDERSTADT: And world-class value-added education.

COMMISSIONER ELLIOTT: It's leverageable.

COMMISSIONER STEPHENS: So, who defines that? Do businesses define that? Does the marketplace define that?

COMMISSIONER DUDERSTADT: I think society defines it. It's much broader than in business.

COMMISSIONER STEPHENS: Okay, so, okay. So, I think there's two elements, one is --

COMMISSIONER VEST: I think -- it sounds to me like the academy defines that.

COMMISSIONER DUDERSTADT: No, I wouldn't put knowledge in there, it's the -- all of the products of higher education, all of the elements of higher education, we have to drive toward the highest possible quality.

COMMISSIONER STEPHENS: So, part of my inclination to split that up is that there's lots of things that --

CHAIRMAN MILLER: The two missions are teaching and learning and research.

COMMISSIONER GRAYER: Yeah, I would add --

CHAIRMAN MILLER: The creation of knowledge and getting old knowledge.

COMMISSIONER GRAYER: I would add the concept of affordable quality.

COMMISSIONER VEST: Yeah, where does efficiency come in?

COMMISSIONER GRAYER: Yeah.

COMMISSIONER STEPHENS: SO, we'll come back to -- so, affordability?

COMMISSIONER GRAYER: Yeah, affordability.

COMMISSIONER STEPHENS: Okay.

COMMISSIONER VEST: Citizenship of a nation in the world. Our students in our institutions need to be good citizens of this nation and the world.

COMMISSIONER STEPHENS: Okay, so --

COMMISSIONER VEST: That's -- correct.

COMMISSIONER STEPHENS: Okay. Gerri.

COMMISSIONER ELLIOTT: I'd like to see the graduates mirror the populations we serve, and that's a diversity statement.

COMMISSIONER STEPHENS: Okay.

CHAIRMAN MILLER: The public would say job or career opportunities would be the highest values.

COMMISSIONER STEPHENS: Thank you, someone wants us on tape. Okay, you have diversity. So, as Gerri said, the graduates represent the population we serve.

COMMISSIONER ELLIOTT: Populations we serve.

COMMISSIONER STEPHENS: Okay.

CHAIRMAN MILLER: Job and career opportunities. That's the public's number one value, I think, if you took a poll. So, it ought to be on the list.

COMMISSIONER STEPHENS: So, I think another one I just heard Charles say, students have job opportunities. Did I get it right, Charles?

CHAIRMAN MILLER: Job and career --

COMMISSIONER STEPHENS: Job and career opportunities. So, Vickie, can you maybe help -- paste these on the wall? Pick a good wall that we'll be able to all walk up against, because we're all going to just dominate the wall in a few minutes. Elaine, did you get it? Creates career and job opportunities. Dr. Sullivan?

COMMISSIONER SULLIVAN: I'd say quality in education has to enhance the social well being of individuals and society.

COMMISSIONER STEPHENS: Okay, so let's -- you got this one? Career works for me, C-A-R-E-E-R.

COMMISSIONER SULLIVAN: This is a leading subject.

COMMISSIONER STEPHENS: So, now, Dr. Sullivan, would you please say that again?

COMMISSIONER SULLIVAN: Quality education would be an education that enhances well being of individuals and society.

COMMISSIONER STEPHENS: Enhances well being of individuals and societies. Bob?

COMMISSIONER ZEMSKY: This is a whole -- they keep shooting at me, I'll try -- this is in a whole different direction, but I think a piece of value, at least for me, is that these are about institutions that have leadership responsibilities, that we're not -- we aren't business and we aren't just enterprises, we have public responsibilities and leadership responsibilities.

COMMISSIONER STEPHENS: So, it has a public and leadership responsibilities. Okay. Bob?

COMMISSIONER MENDENHALL: Rick, I don't know if this fits in your process, and I don't want to change it, but you wouldn't bring this up because you wrote it, but you sent all of us your kind of view of shared values in an e-mail and I guess I just -- so far, everything that's been said, I think you've captured in your six values that you listed for us, and I guess I'm wondering -- I kind of felt that when I read that, you said that pretty well and captured it pretty well. I guess I'm wondering if the rest of the

Commission coalesced a little bit around those ideas that you have or -- I mean, I don't know that we're doing anything differently here than what you suggested, unless we're trying to rank these six as to what's most important.

COMMISSIONER STEPHENS: So, if everyone were to buy into this, we could stop and go on the next one. I don't presuppose that, and that's really what this discussion is about.

COMMISSIONER MENDENHALL: Well, you wouldn't bring it up, but I would propose to the Commission to get your thoughts about -- Rick tried to capture this and gave us six points, and I thought he captured them pretty well, let's --

CHAIRMAN MILLER: Could somebody read them out?

COMMISSIONER MENDENHALL: Okay, I'll volunteer. Higher education must contribute to economic prosperity, public health, social well being, national security, and expand the knowledge base, and that's one.

COMMISSIONER DUDERSTADT: That's too long, we can't afford it. We've only got three dots.

COMMISSIONER MENDENHALL: I'll read them all and then comment. Two, higher education must be

available throughout an individual's life. Three, America's higher education system should be of high quality and affordable. Four, the higher education system must provide world-class research, innovation, and knowledge creation and develop outstanding scientists, engineers, and other knowledge professionals that develop a learning infrastructure necessary for the nation to sustain its leadership in a global economy. Five, higher education must have the capacity to adapt to changes driven by forces that include globalization technology and changing demographics that necessitate and evolve in learning and teaching environment, i.e. lifelong learning, new providers like for-profit cyber-universities, and new paradigms like distance learning, *et cetera*. Six, the American public must recognize that higher education is not a one-time event but rather an important and integral part of an individual's continued development, necessary to ensure success in an ever-complex and competitive global environment.

COMMISSIONER ELLIOTT: Those are great. The diversity isn't in there, but those are great.

COMMISSIONER ROTHKOPF: Can I suggest, I think I would subscribe to every one of those, I think they're very well stated, I think diversity is not.

The other is the -- I call it the citizenship point, the preparing students for a life in, you know, for dealing with the public issues that come up and citizenship questions.

COMMISSIONER VEST: I already put it up there. I put citizenship up there.

COMMISSIONER ROTHKOPF: You did, but he didn't.

COMMISSIONER DUDERSTADT: Let's put something we didn't have up there, and that's public trust and confidence in higher education.

COMMISSIONER STEPHENS: So, I think, Bob, what you're trying to do is move us further down this process faster, and my reaction is, all I'm trying to do is get us to coalesce so we're on a common set of values. That's the nature behind this. I heard the addition of diversity needed to be added in there.

COMMISSIONER VEDDER: Efficiency issues come under affordability in this --

COMMISSIONER STEPHENS: Yes, that was the intent.

COMMISSIONER VEDDER: I was just asking the question.

COMMISSIONER ZEMSKY: Why, Richard, would you settle for that? Efficiency and affordability

aren't the same thing.

COMMISSIONER VEDDER: I asked the question --

COMMISSIONER ZEMSKY: It can be affordable and it can be inefficient as hell.

COMMISSIONER VEDDER: Well, I think efficiency is an issue. No, affordable for whom? We've been through this, Bob, but efficiency is a consideration. There is limited resources, and we may not like that there are limited resources, and we have to deal within a constraint of limited resources. As it's written, I think Rick means to include that in there, I'm just not sure it is stated articulately enough.

COMMISSIONER ZEMSKY: No, I would agree, Richard.

COMMISSIONER VEDDER: I know, I think you and I, we love each other, Bob. We're --

COMMISSIONER STEPHENS: Okay, so what I heard is this notion about including a statement about efficiency versus affordability, but --

COMMISSIONER ELLIOTT: Separate.

COMMISSIONER STEPHENS: -- efficiency is an important element --

COMMISSIONER VEDDER: As a value.

COMMISSIONER STEPHENS: -- as a value.

COMMISSIONER MADRID: Combined with quality. It has to be quality, right?

COMMISSIONER VEDDER: I'll put divided by input. If output is quality, inputs are costs, that gives you efficiency, so, yes. I agree with Arturo, who is -- that's the first word he said all day, I have to agree with him.

COMMISSIONER MARTINEZ TUCKER: I struggle, Rick, whether this belongs in Gerri's diversity or in Art's -- Chuck's opportunity, but I think I have to say it and just see if you see it the same way. I think more people have to see themselves in college and actively seek higher education.

COMMISSIONER ELLIOTT: Believe they have the opportunity?

COMMISSIONER MARTINEZ TUCKER: Believe they have the opportunity. I think too many are disenfranchised and don't believe that college is for them, and so, I think we need to get more Americans to understand that higher education is a necessity and want it and take active steps to get it.

COMMISSIONER STEPHENS: So, the intent, under the American public, recognizes higher public education is not just a one-time event but an integral

part of an individual's continued development and as for their success, and it was intended to put that in. Adding some additional words to flavor --

COMMISSIONER VEDDER: To flavor, I think is a little missing from that.

COMMISSIONER STEPHENS: Fair enough, and my challenge, and there's one are that it's not clear, you and I would agree with, and I may have a difference with the rest of the Commission. I believe higher education is everything after high school, and it's not necessarily defined as college, and I think it's an important element that we have to recognize because if we're going to work all the elements, certainly, there are the institutions, but education comes in a number of flavors, and we want people to work all the way through that, not --

COMMISSIONER DUDERSTADT: Higher and further education.

COMMISSIONER STEPHENS: Higher and further education, yes.

COMMISSIONER MARTINEZ TUCKER: When you say "American public," --

COMMISSIONER STEPHENS: Fair enough.

COMMISSIONER MARTINEZ TUCKER: -- it's almost the consumer of it versus the user of it.

COMMISSIONER STEPHENS: Fair enough. I could certainly buy into that.

COMMISSIONER ELLIOTT: If our goal is to become a knowledge economy, we have to look at it as lifelong learning.

COMMISSIONER STEPHENS: No question.

COMMISSIONER ELLIOTT: You can't look at it as the four years.

COMMISSIONER STEPHENS: No question.

COMMISSIONER ZEMSKY: As Rick put it in your value language, what Sara's talking about is educational empowerment, and that's the value she believes in, and that it some way, she's arguing that we haven't promoted enough the sheer power of education, and that's the definition of empowerment.

COMMISSIONER STEPHENS: So, what I think you're saying is, every individual values education .

COMMISSIONER ELLIOTT: Or, thinks they have the opportunity.

COMMISSIONER ZEMSKY: Pursuit of education.

COMMISSIONER STEPHENS: Okay, so making two points, individuals value and society empowers people to pursue.

COMMISSIONER ZEMSKY: Fair enough.

COMMISSIONER MADRID: Rick, since we're putting words in Sara's mouth, let me go a little bit. I think there's a tension between our society between aspirations and expectations, and I think this is part of what Sara was talking about, making sure that the opportunity is there, because there is a way of getting people's aspirations and the expectations, and the possibility of realizing.

COMMISSIONER ZEMSKY: But, see, Rick, if you empower the pursuit of education, then you also have an obligation to prepare people all the way along the line, so I think that this is as much a statement about what happens before "college" as what happens once you cross the college barrier, so I think I think Sara's really saying, and I think Arturo's saying that there has to be a value that says the society prepares, literally prepares people to be lifelong learners.

COMMISSIONER STEPHENS: Okay.

COMMISSIONER ZEMSKY: And, that starts, surely --

COMMISSIONER HAYCOCK: Is that something like universal preparation for and participation in postsecondary education?

COMMISSIONER ZEMSKY: Lifelong learning,

you're not going to trap me.

COMMISSIONER STEPHENS: So, what Bob's saying is that society prepares people to pursue --

COMMISSIONER ZEMSKY: Lifelong learning.

COMMISSIONER STEPHENS: Okay. Louis?

COMMISSIONER SULLIVAN: Yes, this is, perhaps, nitpicking and would, maybe, be addressed in the final wordsmithing, but in my view -- well, first of all, what I think you've done here is very good. I fully subscribe to it. The difference is in the order in which I would place it. For example, your first value is education must contribute to economic prosperity, public health, *et cetera*. I would put -- I would order that education would first expand the knowledge base, then secondly, enhance social well being, then economic prosperity.

COMMISSIONER STEPHENS: Fair enough.

COMMISSIONER SULLIVAN: So, it's that sort of thing.

COMMISSIONER STEPHENS: As Chuck would say, this is the business guy coming out of me in terms of putting the order in.

COMMISSIONER WARD: Rick, is there a way we could ensure conduits when you were encouraging us to respond -- can we -- so, you can see, words like

efficiency, civic, value, whatever, diversity, are in here, and it's a little tautology now, because on the wall, there, are some of the same things.

COMMISSIONER STEPHENS: No question, and so, I think we have a choice, and we can kind of make this decision relatively quickly. The intent of going through this nominal group technique was to kind of drive through the shortened perspectives of the words you're talking about and be able to have our list tight and cogent, okay? I was a little wordy in terms of these. Some of us can probably take on these wordy ones and skinny them down to have the same effect and allow us to move on to the second, which I believe is the more important discussion, is, in fact, so, what are we going to do? What are the important things that we think we need to pursue? And so, we have a choice of -- we can continue calling through the short list, that's one choice, or the other is, a few of us can work this on shortening this up and move on to the second element which is, so, what are our priorities about being able to achieve these values and vision? Chuck?

COMMISSIONER VEST: There are some ancient fundamentals that I think must be among our values. I would put up there "conservator and critic of

culture."

COMMISSIONER DUDERSTADT: What about a whole moral reasoning? The purpose of a liberal education.

COMMISSIONER VEST: The maintenance and furtherance of a Western civilization. I mean, really, it is -- putting it in --

COMMISSIONER STEPHENS: How about "civilization" as opposed to "Western?"

COMMISSIONER VEST: Take "Western" out, I'm getting too political.

COMMISSIONER STEPHENS: Thank you.

COMMISSIONER VEST: No, seriously, some buzz words that came up in the Commission earlier, I don't know how they fit in this, but let me mention them. One is transparency. Is that too far away that whatever we do in higher education should be visible, should be out in the open, --

COMMISSIONER DUDERSTADT: Accountability gets that, we have to put that on there.

COMMISSIONER VEST: But, is that -- the other words is "competition." I go back to President Garland's presentation, earlier. Don't we also believe that students should have a rich variety of choices as to types of institutions that they can

attend? And, I don't know that's something we agree to or not.

COMMISSIONER DUDERSTADT: Competition is certainly a vice to move toward some of these objections. I think diversity --

COMMISSIONER VEST: Options, options.

COMMISSIONER MENDENHALL: I gather, some don't believe in competition as a value?

COMMISSIONER VEDDER: I think our challenge is going to be to distinguish what are values and what are ways of achieving --

COMMISSIONER STEPHENS: Yes.

COMMISSIONER MENDENHALL: I think we value competition, but probably, as a means to an end as opposed to an end in itself. I think we value educating consumers about the value of college, but as a means to an end.

COMMISSIONER STEPHENS: Jonathan?

COMMISSIONER GRAYER: I feel obligated to paint another picture which has to fit into this, because, as our Chairman has said, we're talking about the whole spectrum.

In Corpus Christi, we have an institute that would fit under your definition of higher education, and it is populated mostly by women who

have left household laboring jobs to become certified as what -- they begin their career as medical paraprofessionals, they are going to start coding bills. That's the first job that they're going to get, and they're going to work up a ladder that will allow them, one day, to become a medical technician. They will never get an Associate's degree, they are getting a certificate defined by the State of Texas. In California, Texas, and Florida, with increasing populations which are never thinking about a liberal education, the value structure that we paint has to have room for that student who will increasingly be calling on federal funds to get their higher education. They are learning to earn, they are not learning to acquire skills beyond their ability to get a better job, because the infrastructure we have in place does not provide for that.

Now, we want to be true to this set of values that we're describing. In Corpus Christi, where it is very little choice for them, we have a huge economic bill to pay, and the question I think we have to establish is, how inclusive a statement are we trying to make?

COMMISSIONER STEPHENS: So, here would be my thought process in terms of what those women are

going through, in addition to a technical perspective they're gaining, which is a skill to be able to go out on the marketplace --

COMMISSIONER GRAYER: And earn more money.

COMMISSIONER STEPHENS: -- and earn more money, my sense is that they're going to need to have some elements that are critical to what most would say is a liberal education. They need to be able to think critically, they need to be able to evaluate an option, they need to be able to communicate with others, they need to be able to interact, they need to be able to make decisions. To me, those are all part of what comes out of that --

COMMISSIONER GRAYER: Absolutely, a value, but a reality is, if a job market spikes while they're in school, they leave because they need the higher pay. The reality of our system is that there is no room in the funding mechanisms that they can access for that type of education. Now, we can not address this, and that might be not a value that we want to --

COMMISSIONER DUDERSTADT: But, doesn't the phrase "economic prosperity" cover that?

COMMISSIONER ELLIOTT: Or, economic empowerment? There's no difference in --

COMMISSIONER GRAYER: That's -- the

intention comes from talking about the access to a liberal education. Many students in this country can't afford access to a liberal education as we're defining it, and the system we have in place doesn't give them the financial means to do it. That's really what my point is.

COMMISSIONER DUDERSTADT: But, in fact, these are aspiration goals as much as anything. I mean, I would put citizenship, you know, that national and global citizenship is something that we all --

COMMISSIONER GRAYER: Well, that's a nice -- that's a good way to take it. Most of these students are Hispanic and were not born in the U.S., and that would be a good way of phrasing it, yes.

COMMISSIONER STEPHENS: Not all of the results that come out what we're trying to, from an educational system perspective, we're going to meet all of the values, but you certainly want to drive toward the bulk of those, and we're achieving what's great.

COMMISSIONER GRAYER: But, repositioning all of them so that they're accessible to all our students, like Jim has stated, is a very good way of approaching it.

COMMISSIONER STEPHENS: Okay. SO, any

other key thoughts on this? Because my, unless you all say, "no, let's not head down this path," what I'd like to do is shift gears, because what I think I've heard is, shorten some of these up, include the additional items we've talked about, and we'll work on these tonight, get them all out to you tonight, and take a look at them, and then, you know, over the course, work our way through. Does that make sense?

COMMISSIONER VEDDER: That's how you work in the private sector. You do it overnight. The public sector, we take six months and have six committees.

COMMISSIONER STEPHENS: So, let me shift gears, then, if I can, to use our last 30 minutes, and really talk about, then, and use the same process of brainstorming, about what are the things that we need to do to head down this path of achieving these values, which I think is going to be at the heart of what we want to come back around, in terms of our report back to the Commission. And so, heading down that path -- now, I think this is where things will get a little bit bloody, because it's not entirely clear to me we are going to come to a consensus or alignment, but I think it will go a long way to at least getting our perspectives on the table so we can

start saying, "Okay, we understand and we agree, we understand where we disagree."

CHAIRMAN MILLER: Well, here's the answer to the academy. We're the best in the world, send us more money, and leave us alone. That's the policy.

COMMISSIONER VEDDER: Rick, Bob Mendenhall, you sent out a nice document which we have now expanded successfully, I think, into really getting down to the nitty gritty. Bob Mendenhall sent out sort of a bullet point memo that had more than just bullet points in it, but it had four very explicit goals, at least, basic goals, that pick up on some of these points. I don't think it's the last word. I don't think Bob does, either, but it might be a starting point where we could use in terms of -- call it bullet points or main ideas.

COMMISSIONER STEPHENS: Fair enough, put them out here.

COMMISSIONER VEDDER: Can I read you Bob's four?

COMMISSIONER STEPHENS: Sure, and I'll keep writing fast.

COMMISSIONER VEDDER: Bob read Rick's four, I'll read Bob's -- Rick's six, I'll read Bob's four. One, significantly increase access to and

success in higher education for a greater percentage of the population, particularly for low-income and minority populations and for adults as well as traditional aid students. That was point one.

May I just read them and then we --

COMMISSIONER STEPHENS: Well, hold -- can I write, here, real fast?

COMMISSIONER VEDDER: You can, yeah. You can do a report in 24 hours, you can write fast.

COMMISSIONER DUDERSTADT: Stick access and success in there.

COMMISSIONER STEPHENS: Have I kind-of got it?

COMMISSIONER VEDDER: Yeah.

COMMISSIONER STEPHENS: Okay.

COMMISSIONER VEDDER: Okay, two, make higher education more affordable, primarily by increasing productivity and decreasing the inflation-adjusted costs of higher education, net of external research support and hospital operations, and secondarily, by increasing financial aid to the neediest students.

COMMISSIONER MENDENHALL: I can simplify that --

COMMISSIONER STEPHENS: Yeah, simplify it,

please.

COMMISSIONER MENDENHALL: Bob Zemsky's words make higher education more affordable, primarily by making -- becoming more efficient and also by increasing financial aid to the neediest students.

COMMISSIONER VEDDER: Yeah, that's the --

COMMISSIONER MENDENHALL: The rest of that was all about being more efficient.

COMMISSIONER ZEMSKY: I would only add, since I got -- what I really say is, figure out how to use the market to make this more efficient, but I continue to argue that bolts from Capitol Hill -- lightening bolts from Capitol Hill are not going to make us more efficient, but I thought what Garland did today was signaling the way --

COMMISSIONER VEDDER: He's sitting behind you, by the way, Bob, so, --

COMMISSIONER ZEMSKY: I'm way behind him -- that he was signaling that here was a way of using the market to actually start a process that would increase the pressures on us to be more efficient. If you're going to --

COMMISSIONER MENDENHALL: I agree, but I think that goes in our strategy to achieve the goal as opposed to end the goal.

COMMISSIONER VEDDER: Could I finish reading the four goals, Bob? And, I agree with Zemsky, but I also want to finish the four goals, because we've got a 6:00 cocktail party, which is more important.

CHAIRMAN MILLER: Actually, 6:30, but --

COMMISSIONER VEDDER: Well, 6:30, Bob. Goal three, increasing the intuitional accountability for the quality of higher education by publishing common measures of learning achievement for all institutions. Now, that may be too specific, but that's what the goal is.

COMMISSIONER STEPHENS: Say again?

COMMISSIONER VEDDER: Increasing institutional accountability for the quality of higher education by publishing common measures of learning achievement for all institutions.

COMMISSIONER MENDENHALL: At the risk of getting hit, I'll simplify that one, too.

COMMISSIONER STEPHENS: Please.

COMMISSIONER MENDENHALL: Increasing accountability and transparency for quality, period.

COMMISSIONER STEPHENS: That's better.

COMMISSIONER MENDENHALL: The Secretary really started us off with a pretty good outline,

access, affordability, accountability, and quality, and we get a -- we did add more, of course, to that.

COMMISSIONER VEDDER: Number four, this one actually has a specific number in it. Double the number of graduates in critically needed scientific and engineering fields within a decade. We had earlier discussions on that which I don't know if they got picked up in our shared values or --

COMMISSIONER DUDERSTADT: That's a different breed of cat, here, because you're actually setting a numeric goal, and --

CHAIRMAN MILLER: I actually would personally vote against the numeric goal or any of those kind of targets, not because they might not be right, but we're picking that number out of mid-air, there are probably four, five, or other major professions where that probably also exists, and people make those goals all the time, and they become really ludicrous in retrospect. Europe does it -- 2010, or somebody in 1990 made a 2000 goal statement, they really do tend to work against us as opposed to policies that will drive that kind of thing.

COMMISSIONER DUDERSTADT: Double goes.

COMMISSIONER STEPHENS: So, that one may not get a lot of votes from Charles.

COMMISSIONER ELLIOTT: Although, I would argue a little bit based upon what's happening in -- in China, globalization, *et cetera*, it would behoove us to think about a hard-core goal in that particular discipline, but we can hold that to when we get past important elements and to-dos, and recommendations, *et cetera*.

COMMISSIONER STEPHENS: So, we have four items on the table, the question is, do we have more than we want to add? Because, this is an important part of what we're trying to get, some alignment, because based upon this, we'd say that's the four strategies we're going to head down.

COMMISSIONER ELLIOTT: But, Rick, I look at the --

COMMISSIONER DUDERSTADT: Let's put a few more out here, okay? Let's not close it out. National commitment to universal access for lifelong learning. Or, national commitment to the universal access for lifelong learning.

COMMISSIONER VEDDER: Does that duplicate number one? I don't know.

COMMISSIONER DUDERSTADT: No, number one is --

COMMISSIONER VEST: Jim, may I offer a

number -- a friendly comment, just to be sure?

COMMISSIONER DUDERSTADT: A friendly amendment?

COMMISSIONER VEST: I would put, particularly -- I would put this one in the context of workforce skills.

COMMISSIONER DUDERSTADT: Okay, good. Yeah, and that ties into Arthur's' --

COMMISSIONER VEST: Put in parenthesis there, workforce skills.

COMMISSIONER STEPHENS: There we go, thanks. Okay. Others?

COMMISSIONER ELLIOTT: Rick, can you help me, because I'm now confused. I thought we just finished a conversation on values.

COMMISSIONER STEPHENS: We did.

COMMISSIONER ELLIOTT: I see a lot of the value statements in Bob's statements. They're fantastic. A lot of those are in Bob's statements. I thought important elements to go forward were more things like --

COMMISSIONER VEDDER: What are we going to recommend to go do?

COMMISSIONER ELLIOTT: Yeah.

COMMISSIONER VEDDER: That was the intent.

COMMISSIONER ELLIOTT: That's why I was confused.

COMMISSIONER STEPHENS: The intent is that --- what are we going to recommend to go do?

COMMISSIONER ELLIOTT: Okay, so, are we still on values?

COMMISSIONER STEPHENS: We're off the values. We switched off values. We are at, what are we going to recommend to go do, and so we're trying to get the list of things, what are we going to go do?

COMMISSIONER VEDDER: Are we deciding, Gerri -- these are a list of goals, things we'd like to do, but then, there are different ways of getting to those goals, and that's the next stage.

COMMISSIONER DUDERSTADT: And, that last one is very similar to the commitment the Truman Commission made in the late 1940s to undergraduate education.

COMMISSIONER STEPHENS: What we'll find is, if we continue to brainstorm and get the thoughts on the table, when we do our multi-voting, you're going to see these, again, to coalesce around some items that -- we'll come up with four or five, and that's what's going to happen out of our multi-voting process. So, right now, let's get the ideas on the

table. If you think you've not heard it, talk about it, we'll get there.

COMMISSIONER ROTHKOPF: Yeah, and I'm not sure if I'm in the right category or not, but to provide the opportunity, I think we need an outreach program to persuade the public, prospective students and their parents, of the value of education.

COMMISSIONER STEPHENS: So, an outreach program for parents and students to help them understand the value of education.

Go ahead, Charles.

COMMISSIONER VEST: National commitment to need-based financial aid for post-secondary education.

COMMISSIONER STEPHENS: Next one? Elaine will write it down.

COMMISSIONER ZEMSKY: Again, the national commitment to genuine alignment between K-12 and post-secondary education. I don't think we have to preach that to make education important, we have to prepare them for the type of education they need.

COMMISSIONER STEPHENS: Okay, got that, Elaine?

COMMISSIONER ZEMSKY: Commitment to alignment.

COMMISSIONER STEPHENS: National

commitment to alignment.

COMMISSIONER ZEMSKY: Or, strategy for alignment would be better, I feel.

COMMISSIONER MENDENHALL: Rick? Again, not to mess up the process, but the last three suggestions, I actually had as recommendations under the goals, and I guess the question is, how do we want to structure this, okay?

COMMISSIONER STEPHENS: Let this play out, we'll get there.

CHAIRMAN MILLER: No, I think it --

COMMISSIONER MENDENHALL: It seems to me that we want to have values, and then we want to have goals that reflect the values, and we should -- those should resemble the values, and then we ought to have some recommendations of how to implement those goals.

COMMISSIONER MARTINEZ TUCKER: And, Bob?

COMMISSIONER STEPHENS: We'll get there.

COMMISSIONER MARTINEZ TUCKER: One of the ones missing from the go-dos was whether we use the term "fix" or "blow up," as Jim did, federal financial aid. Simplify, fix, whatever you want to use.

COMMISSIONER DUDERSTADT: How about "nuke?"

COMMISSIONER MENDENHALL: Okay, but Sara,

despite what was written there, my comment was on that. Need-based --

COMMISSIONER STEPHENS: So, keep on going. Remember, in brainstorming, there aren't any good -- there aren't any bad ideas. What's going to happen is, it will all settle itself out because we'll start combining as we get there.

COMMISSIONER MARTINEZ TUCKER: We don't want to combine these. These are two distinct things. One is, simplify federal financial aid to make it more transparent for the users. The second one is, find funds for need-based. Yes, so, they're separate.

COMMISSIONER STEPHENS: Say that one again?

COMMISSIONER MARTINEZ TUCKER: The first one is, --

COMMISSIONER STEPHENS: Simplify or fix financial aid.

COMMISSIONER MARTINEZ TUCKER: And, the second one is what Chuck had said earlier, --

COMMISSIONER ELLIOTT: Which you have already, needs-based.

COMMISSIONER STEPHENS: Fine, okay, no. We'll see how the process plays itself out. We're going to vote and decide this.

COMMISSIONER ROTHKOPF: Policies and programs to stimulate innovation in higher education.

COMMISSIONER STEPHENS: So, policies and programs to stimulate innovation.

COMMISSIONER ROTHKOPF: In higher education.

COMMISSIONER STEPHENS: Others? Arthur?

COMMISSIONER ROTHKOPF: Yeah, I don’t know how you describe it, but I'd like to endorse our willingness to look at what Jim Garland was talking about today, relating to the financing of state education.

COMMISSIONER VEDDER: I agree, but I think maybe that got -- what I’m worried about is getting excessively long lists of things, here.

COMMISSIONER STEPHENS: So, please, don't worry about the long list. It's going to get down to five. The dots are going to bring it together.

COMMISSIONER VEDDER: Well, I want a drink.

COMMISSIONER MENDENHALL: That's a value.

COMMISSIONER STEPHENS: So, put down, Richard wants a drink. No, I’m sorry. Other ideas? Go ahead, Bob.

COMMISSIONER MENDENHALL: I think we need

a national investment in educational technology that works. That's what Carol Twigg --

COMMISSIONER DUDERSTADT: That's also --

COMMISSIONER MENDENHALL: That was what Jim was saying --

COMMISSIONER DUDERSTADT: That's one of my policies and programs is a national R&D infrastructure, but to put it in exclusively --

COMMISSIONER VEST: Yeah, but Jim, get the R&D piece up there. That's really -- learning R&D is really important.

COMMISSIONER DUDERSTADT: Yeah, that's what we're talking about.

COMMISSIONER VEST: Major investment in R&D directed at learning.

COMMISSIONER DUDERSTADT: Learning R&D, yeah.

COMMISSIONER VEST: Learning R&D.

COMMISSIONER STEPHENS: Okay, others. Art?

COMMISSIONER ROTHKOPF: Yeah, a consumer-friendly database for -- with information on higher education institutions.

COMMISSIONER STEPHENS: Okay.

COMMISSIONER ROTHKOPF: I think we talked

about it, and I want it out there.

COMMISSIONER ELLIOTT: And students. Add "and students" to the end of your thing there.

COMMISSIONER STEPHENS: So, is that like the student record system? Or is that just transparency?

COMMISSIONER ROTHKOPF: That's all the information about the institutions, about, frankly, their accreditation status, about everything about that institution ought to be in a consumer-friendly database.

COMMISSIONER STEPHENS: Okay, what ever happens to the student records?

COMMISSIONER MARTINEZ TUCKER: That's what we just said.

COMMISSIONER STEPHENS: That's included, okay.

COMMISSIONER MENDENHALL: No, I think it's separate.

EX OFFICIO MEMBER FALETRA: It's a separate item.

COMMISSIONER STEPHENS: So, student records -- okay, student records.

COMMISSIONER MENDENHALL: Provide us more information for that website, but they are two

different things.

COMMISSIONER STEPHENS: Other things? Are we running out of gas? Do we want drinks?

EX OFFICIO MEMBER FALETRA: No, no, I --

COMMISSIONER STEPHENS: Peter?

EX OFFICIO MEMBER FALETRA: One thing we have, it's like -- we're not going to win this for the world in numbers, we're going to do it in quality, and we haven't quite heard that yet.

COMMISSIONER STEPHENS: So, how -- try -- just putting the words up, we'll --

EX OFFICIO MEMBER FALETRA: The quality of our education system versus quantity.

COMMISSIONER STEPHENS: Okay, okay.

COMMISSIONER STEPHENS: Focus on quality over quantity.

EX OFFICIO MEMBER FALETRA: Over quantity.

COMMISSIONER STEPHENS: Okay. Others?

COMMISSIONER MENDENHALL: Just -- my fourth goal is sort-of my weak effort at a goal around knowledge creation, research, that whole function of higher ed. I agree that double the graduates is a double proxy for that, but we need a better goal around --

COMMISSIONER DUDERSTADT: Just endorse the

President's American Competitiveness Initiative. Endorse ACI, right? Seriously. That covers it all.

COMMISSIONER ELLIOTT: Why recreate it?

CHAIRMAN MILLER: I don't think we should endorse anybody else's program, I think, when we're not having luck with our own program.

COMMISSIONER STEPHENS: We'll vote.

CHAIRMAN MILLER: If we have parallel ideas we should do that, and I think we'll lose credibility and diminish our own power if we use somebody else's ideas.

COMMISSIONER DUDERSTADT: You have your vote.

CHAIRMAN MILLER: I'm just going to say that as a principal.

COMMISSIONER ROTHKOPF: Put that -- this is code, but put public good versus private benefit up there, and what I mean by that is achieving a better balance and understanding of the nature of higher education as a public good rather than simply an individual benefit for people to participate in.

COMMISSIONER MENDENHALL: well, why don't you make it active? Why don't you put up there, make higher education a public good?

COMMISSIONER ROTHKOPF: That's fine, too.

COMMISSIONER MENDENHALL: Well, what is the public good? I mean, can we say at the defense of the United States -- that the Defense Department is a public good? What about medicine? Is that a public good?

COMMISSIONER ROTHKOPF: Aspects of it are.

COMMISSIONER MENDENHALL: What about Hollywood? Is that a public good?

COMMISSIONER MENDENHALL: I think not.

COMMISSIONER ROTHKOPF: No, seriously, I just wonder --

COMMISSIONER STEPHENS: Yeah, we're getting ready to go multi-vote. Do we have any more hot ones?

COMMISSIONER ROTHKOPF: Let's vote.

COMMISSIONER STEPHENS: We're ready to go to work and vote? Got another one, Art?

COMMISSIONER ROTHKOPF: I had another one and I lost it.

COMMISSIONER STEPHENS: Lost it, okay. So, here's what we're going to go do. You all have three dots. Everyone's got three dots? Okay, you're going to vote on elements, so all the values are off the board, we've taken -- we have six sheets hanging on the wall over there. Go put your dot with a five

on it next to the highest-priority you think we ought to go off and work on, put your three on the second-priority, put your one on the lowest. We're voting on the things we just put up. We already -- the values were already dispositioned. These are the things that says "here's what we ought to go do," okay? You ready to go vote? We took the values off. You've got six sheets, you can put your dot on any of the six elements, any six sheets.

(Off the record.)

COMMISSIONER STEPHENS: Quiet please. Let me kind-of provide some feedback about where we are on rank priority.

Number one on our list with a total of 53 votes was to increase access and success for low-income and minority adults. That says that's the number one area you want to go focus our time on. Fifty-three votes.

COMMISSIONER DUDERSTADT: Is that minority adults or is that -- I thought those were three separate categories.

COMMISSIONER STEPHENS: I don't know the answer to that. We just wrote it out there.

Okay, number two was a national commitment for lifelong learning (workforce skills). Twenty-four

votes. Okay, so it's clear a huge focus on increasing access for low-income, second is this whole notion about, you know, lifelong learning commitment.

Number three was a national commitment to a needs-based financial aid -- I'm sorry, to needs-based education. I'm sorry, national commitment to needs-based financial aid. I'm sorry.

So, if you look at the first one, it's about increasing on the lower-income side, the second was on lifelong learning, the third one comes back to this, you know, commitment to needs-based education.

Number four was double critically needed scientifically capable people, okay?

Number five, and I think there was a tie, increase institutional accountability and transparency for quality, and national investment in learning R&D.

Number six, make higher education more affordable primarily by becoming more efficient.

Number seven, policies and programs to stimulate innovation and higher education.

Number eight, a national commitment for alignment between K-12 and post-secondary education.

Okay, and so, what we've just gone through is, you know, for us as a group to say what do we think are the highest priorities for us to go off and

work on, and therefore, I would think we try and drive our solutions around those elements, and so, at least, it gives us some sense about where we are in our thought process. I'll leave it to the Chairman to decide how best we proceed, but I think that's valuable input, because I think, at least in my mind, it begins to start driving us around, what are our common themes? We've talked about a set of shared values, we'll update those tonight. We've talked about what we think some key strategies are to achieve those shared values, and with that, Mr. Chairman, my hour is done, but hopefully, it's been helpful.

(Applause.)

CHAIRMAN MILLER: Congratulations, thank you. Anybody that would volunteer for that duty deserves a medal, and I want to thank the Commission for going through this again. We have an hour -- or, close to that at the end of that at tomorrow's session which is open-ended about how to proceed. We may do something to talk like this a little bit more, but we'll have an open dialogue.

We have a busy session and a really important one tomorrow morning to do, and I appreciate the same kind of attention we had today. I'm going to follow Rich Vedder's value system now and adjourn the

meeting for the day.

(Whereupon, at 6:00 p.m., the meeting was concluded.)